



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MBA IN ACCOUNTING AND FINANCE

**ASSESSMENT OF DEPOSIT MOBILIZATION PRACTICE:
THE CASE OF NIB INTERNATIONAL BANK S.C**

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ADDIS ABABA, ETHIOPIA

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Declaration

I the undersigned, declare that this thesis is my own & original work and has not been presented either in part or in full to any other university for purpose of earning any degree, and that all source of material used for the thesis have been duly acknowledged, following the scientific guidelines of the institute.

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Endorsement

This thesis has been submitted to St. Mary's university, school of graduate studies for examination with my approval as a university advisor

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List of Acronyms

ATM- Automated Teller Machine

BOA- Bank of Abyssinia

CBE- Commercial Bank of Ethiopia

CSA- Central Statistical Authority

DB- Dashen Bank

GDP- Gross Domestic Product

GTP-II Ethiopian Growth and Translation Plan II

ICT- Information Communication Technology

NBE- National Bank of Ethiopia

NIB- Nib International Bank

POS- Point of Sales

TB- Treasury Bills

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Abstract

This study intends to assess the deposit mobilization practice of NIB International bank S.C and to what extent NIB is exercising deposit mobilization strategies and what tools and techniques are being practiced since there is no research of the same type has been done in the past at Nib International Bank. Descriptivedesign was adopted for the study. Those having two years and above experience on city branch and head office employees and customers were selected for data collection. Accordingly, 127 branches were selected from the total number of 186 and 126 customers were selected from unknown population. The non-probability purposive sampling technique was also employed. The main instrument collection for primary data was questionnaire and interview, while secondary data was collected from annual report of the company, published document. Validity of the questionnaire was established based on external pilot study and reliability of the questionnaire was established using Cronbach's Alpha. The data is analyzed using statistical package for social science(SPSS version 20) and Microsoft Excel. The study identify that NIB is registering a continuous deposit growth for the last few years, factor affecting the volume of deposit of the bank such as, customer handling, aggressive branch expansion, product differentiation, loan and advance. The finding of the study shows that, NIB is aggressively expand its branch, provided different products, doesn't offer gifts to new customers, and does not provide necessary training for staff about deposit mobilization, marketing strategy of the bank increases the deposit amount, highly competitor from other banks, poor technology regarding customer satisfaction. Finally, the gap identified shows that there is faller to train staff about deposit mobilization, offering gifts to new customer, using poor technology, lack of marketing skill among employees, high computation from other banks so the researcher were recommended NIB needs to provide training package consistently for their employees, to improve its technology for create customer satisfaction by promoting new technology, create awareness among unbanked society, create techniques for customers to express their dissatisfactions.

Key word: deposit mobilization, branch expansion, technology,

Chapter One

Introduction

1.1. Background Of The Study

Strong, well developed and efficient financial system is the key driver factor in economic development of countries and it has positive impact on economic growth. The financial system in every economy is dominated by the banking sector since without banks; financial system cannot under take the development of economy (Kumari&Gunasekalo2018).

In the present context banks performance is measured on several indicators, including the deposit mix and the quantum of low cost deposit in the mix among other. In the present era of competition and with the emergence of private and multinational banks, an ideal mix of deposits is a must to survive. Since the interest paid on deposit forms a big burden on bank, the mobilization of low cost deposit, like current account and saving bank deposit is the urgent need for the bank. The banks should introduce various deposits schemes to attract the public to deposits. It is the size of the deposits that largely decides the leading potential of a bank (Tuyishine, Memba&Mbera, 2015).

The Ethiopian banking sectors remain isolated from the impact of globalization. The government believes that liberalization may result in loss of control over the economy and may not economically beneficial. Ethiopia has no capital market and investing in share of private companies limited. A series of financial sector reforms has been introduced since 1994, after private banks were allowed to operate. But, the state owned bank, commercial bank of Ethiopia continues to domino licensing and supervision at the market in terms of capital deposit, profit and assets (Abebaw, 2011).

According to NBE (2015/2016) Ethiopian financial sector has been resilient and continued to operate under safe and sound environment. Commercial banks have continued to expand their financial intermediation and remained highly profitable. With the opening of 494 new branches in a single year their total branch network increased to 3,187 from 2,693 a year earlier which resulted in improved access to finance. They have also stepped up their deposit mobilization, loan collection and disbursement. Accordingly, deposits depicted a 19.3 percent annual growth while loan collection rose 28.6 percent and new loan disbursement 16.6 percent during the

review fiscal year. About 79 percent of the new loan disbursement went to finance was the private sector (Andenet, 2018).

Mobilization of deposit is one of the important functions of banking business. It is an important source of working fund for the bank. Deposit mobilization is an indispensable factor to increase the source of banks to serve effectively mobilization of deposit plays an important role in providing satisfactory service to different sectors of the economy. The success of the banking greatly lies on the deposit mobilization. Performances of the bank depend on deposit, as the depositor normally considered as a lost effective source of working fund (Memba and Mbera, 2015).

According to Laura, Alfred & Sylvia (2009), to mobilize more deposits, financial institutions offer a range of savings products that are tailored to their particular clientele. They offer the widest variety of specialized savings products, so that their customers have a choice between immediately accessible, liquid products, or semi-liquid accounts or time deposits with accordingly higher interest rates. Simple and clear design of basic savings products enables depositors to easily select the product that best suits their needs. The simple and transparent design of the savings products also enables staff to administer them with ease, reducing administrative costs.

One major problem of developing countries seems to be the form rather than the amount of saving that can be mobilized. One way banks can solve this challenge is to encourage capital formulation initiatives such as working capital financing and financial saving. In order to continue saving a sustainable economic growth, the emphasis should be on the mobilization of domestic savings (Ashenafi, 2016).

Banks and financial institution use deposit as source of funds for the loans and investments which are core business for their income and wealth. Therefore, the purpose of this study was to assess the existing deposit mobilization practice of NIB international bank and to what extent NIB is exercising deposit mobilization strategies and what tools and techniques are being practiced.

1.2. Background Of The Company

NIB International bank (NIB) was established on 26 May 1999 under license no LBB/007/99 in accordance with the commercial code of Ethiopia and the proclamation for licensing and supervision of Banking business proclamation number 84/1994 with the paid up capital of birr 27.6 million and authorized capital of birr 150 million by 717 shareholders. The bank commences its operation in 28 October 1999 by 27 employees. It joined the banking industry as the sixth private bank licensed in the country.

Other than rendering fulfilled domestic and international banking service the bank implemented mobile and internet banking through which it is issued NIB cards and has placed it's ATM's at various location throughout the country to provide its diversified products inconvenient ways to esteemed customers. Moreover, to enhance the application of modern banking technology and provide competitive service the bank has established a strategic partnership with Master card, VISA and Union pay branded cards which are one of the breakthroughs to provide international payment service. A full scale preparation to upgrade the Bank's T24 application to the latest and robust release is completed.

Among others, the bank has registered a steady growth and achievement in all aspect of its operations since its establishment. At the end of March 2018/19, its total deposits and loan advances stood at about birr 25.1 billion and birr 17.5 billion respectively. The total assets also grew to about birr 31.1 billion and paid up capital to birr 2.5 billion. The level of net profit before tax reached birr 673.1 million in March 2018/19. The bank's shareholders are close to 4,585 and the total number of customers exceeds 812,627. The bank's employee's reached more than 4,797 as at March 2019. The bank is engaged in a provision of commercial bank service, mobilizing deposit, providing credit facility, letter of credit, foreign exchange facility, local and international money transfer.

1.3. Statement of the Problem

Commercial banks have the need to mobilize resources without any restrictions in Ethiopia. Deposit is one of the resources banks highly motivated to mobilize and the most liquid money that is found in the treasury of the bank and which is ready to be borrowed in need of the fund. The deposit mobilization of the banks may be affected by different factors. A deposit is the most useful Liabilities of the bank and it is relevant to assess deposits mobilization of banks and assess their relationship between factors affecting it. Even though, mobilizing deposit is the major activity of all commercial banks, managing and assessing the deposit mobilization is a mandatory task for banks (Daniel, 2018).

Deposit mobilization is one of the most important parts of banking activities which play a vital role in developing all spares of the economy. Deposit mobilization is the process of mobilizing fund from the surplus unit to the deficit units which helps in improving economic efficiency by making better opportunities for productive investment therefore, the mobilization of bank deposit should be managed properly. But, it is not easy task. The success of the mobilization of deposit depends on the financial system's development and the bank's strategic practices (Islam, Ali &Wafik, 2019).

Commercial bank depends on depositor's money as a source of fund it means that there are some relationship between the ability of banks to mobilize deposits and the amount of credit granted to the customers. Thus, the main function of financial institution of mobilizing fund from the surplus economic agents to the deficit economic agents is put to test in order to generate economic growth. However, the efficiency of performing this function depends on the level of development of the financial system. The financial system bears the risk of bank failure (Obamuyi, 2013).

According to Friday &Nwanne (2010), deposit mobilization strategies partly answer the question of how raise the needed funds in the banking industry. Although the stiff competitiveness in the banking industry is so absorbing because of the changing circumstances cum the problem of liquidity and solvency. Yet the need to strategize for deposit mobilization cannot be overemphasized. And also according to them, the health of any bank is to large extent determined by its deposit base, which has direct bearing on liquidity position of the bank. Further maintains that sufficient cash is in evitable for healthy operation of a bank and so

mobilization deposit becomes an important strategic planning variable which receives management attention on consistent basis.

According to National bank of Ethiopia report of 2019/20, indicate that commercial banks only mobilize deposit 15.8% which is indicate that from the money that should be deposit in the bank 84.2% of not mobilized. This shows that the deposit mobilization practice among banks in the country is not developed and there should be mechanisms to mobilize such deposit rather than sitting and waiting for depositors to come and deposit their money.

NIB international bank is computing strongly in the industry specially on mobilizing higher amount of deposit, haw ever as per the preliminary studies and day to day observation the researcher thought that the current deposit performance strategic plane of the bank is not properly implemented by most of the bank. Therefore, this study was focused on the current deposit mobilization practice of NIB international bank and alsodespite many researches were conducted in Ethiopia in the area such as, Sisay (2013), Jember(2014), Hibret (2015), and Kibebe (2016), this studies reviewed were focusing on the determinant and factors affecting deposit mobilization in commercial banks in Ethiopia, And also Andenet (2018), Abera (2017), Daniel (2018) were reviewed on assessment of deposit mobilization, To the researcher knowledge, no research of the same type has been done in the past at Nib International Bank, the study was focused on then current deposit mobilization practice of the bank of NIB international bank.

1.4. Research Questions

1. What deposit mobilization strategies and activities performed by the bank?

1. Have the deposit mobilization technique of the bank successful?
2. What should commercial banks do to record progressive deposit result?
3. What are the challenges of deposit mobilization of NIB international bank?

1.5. Objective of the Study

1.5.1. General Objective of the Study

The general objective of the study is to assess the deposit mobilization activities of NIB international bank.

1.5.2. Specific Objectives

1. To assess deposit mobilization performance of NIB international bank.
2. To assess deposit mobilization strategies of NIB international bank.
3. To evaluate the deposit mobilization techniques performed by NIB international bank.
4. To assess the challenge of deposit mobilization of NIB international bank.

1.6. Significance of the Study

Deposit mobilization has a vital role in economic development of a country. Banks also contribute through channeling the fund collecting from the public for viable economic sectors. This study is expected to be important in supporting the deposit mobilization practice of NIB and help banks to design and implement effective deposit mobilization strategies. The findings of this study provide the clear understanding and awareness of deposit mobilization practice, and will help as additional input for concerned policy makers and future researchers, the study will add knowledge on the field of banking and financial resource studies. And also the major beneficiaries from this study are executive management of Nib international bank and other concerned participants.

More over the study will support further investigation on the area and give suggestion and proposing solution for the identifying problem.

1.7. Scope Of The Study

This study was limited to the city branches and different departments of Nib International Bank S.C. Other private banks were not including in the study due to lacking of material and relevant data. Hence, the data was collect from city area branches and head office employees of Nib International Bank S.C. The study focuses only on one of the area of finance, which is a Nib International Bank deposit mobilization practice. The study uses both primary and secondary data, According to questionnaires it used to gather information from employees of which have above two years' experience who are actively participate directly on deposit mobilization. Which is the secondary data review from 2015-2020.

1.8. Limitation of the study

The study is conducted using the data of past five years. The sample of the study is shortened and so it is the main limitation of the study in interpreting and using result of the study. The other limitation of the study is that some information was treated confidential by the respondent under the study thus the researcher faced difficulties to access such kinds of data. Regarding COVID-19 pandemic most of the respondents are unwilling to fill the questionnaire.

1.9. Organization Of The Paper

This thesis contain of five chapters. Chapter one focused on introductory aspects including back ground of the study, statement of the problem, and objective of the study, significance, scope, and limitation of the study. Chapter two presents the review of related literature in which previous studies were consulted, in this chapter general concepts and definitions, basic issues and empirical evidences and summary and knowledge gap related to deposit mobilization were discussed in detail. The major and results of previous studies have also been presented. Chapter three presents the research design and methodology including data source, method of data collection, sampling techniques, measurement and analysis. Chapter four contains data presentation, analysis and interpretation in which the collection of primary and secondary data analyzed and organized in meaning full manner so as to meet the objective of the study. Finally chapter five concerned with summary, conclusions and recommendation based on the findings of the study.

Chapter Two

Review of Related Literature

This chapter discusses about the theoretical as well as empirical review. In this topic the researcher has reviewed related literature regarding the role of financial sector for economic development of a country and included certain explanations as to what deposits are and the types of deposits. The researcher also picked out the major factors identified by other researchers that have an impact on deposit mobilization activity on banks.

2.1. Theoretical Review

2.1.1. The Role of Bank in Financial System

Financial sector is broad which consists of the banking sector and other financial institution (such as insurance corporations and pension funds, brokers, public exchange and securities markets etc.), however in the context of African continent the banking industry carries the greater share of the financial system (Sheku, 2005). Most of the business relies on banking sector as a source of financing (Medhat, 2004). Banks have historically been viewed as playing role in financial markets for two reasons. One is that they perform a critical role in facilitating payments. Commercial banks, as well as other intermediaries, provide services in screening and monitoring borrowers; and by developing expertise as well as diversifying across many borrowers, banks reduce the costs of supplying credit (Samolyk, 2004). Thus in their role as there they are providing significant financial services associated with extending credit to their customers and to the extent that investors want to hold banks liabilities, banks can fund borrowers directly. The main providers of additional financing are domestic commercial banks (Herald & Heiko, 2008). Banks perform various roles in the economy (Franklin & Elena, 2008) Commercial Banks are the most dominant depository institutions. They serve investors by offering a wide variety of deposit accounts, and transfer deposited funds to deficit units by providing direct loans or purchasing debt securities. Commercial banks serve both the private and public sectors, as their deposit and lending services are utilized by households, businesses and government agencies. In the context of African continent, financial institutions in particular the banking industry carries the greater share of the financial system (Sheku, 2005). According to Kibebe (2016), for economic development banks have an important place, banking is the life blood of modern economy.

Financial intermediaries help to bridge the gap between borrowers and lenders by creating a market with two types of securities, one for the lender and the other for the borrower. However, the extent to which the above could be done depends on the level of development of the financial sector as well as the saving habit of the public which is called “deposit mobilization”.

The financial intermediation process involves moving funds from surplus economic units of the economy to deficit economic unit (Fikadu, 2019).

Risk arises from all the bank’s activities. The bank is expected to take on risk each time new transactions are originated, acquisition of new clients, introduction of new products, opening of new markets, hiring of new staff and new risks can also arise from a variety of changes made to processes, systems, vendors, organization structures and corporate structures.

The bank must control risks to ensure risks have no material impact on the bank’s profitability and or cause no material damage to its entity. The bank should consider minimizing exposures to risk subject to cost and risk reward tradeoffs (Muturi, 2015).

2.1.2. Commercial Bank Deposit

Commercial banks are dependent on depositor’s money as a source of fund. There are three main motives why people hold money; transactions, precautionary and investment motives. In order to cater for these motives, commercial banks offer three categories of deposit facilities that are demand, saving and time deposit. The purpose of deposit facility is for convenience or for making daily commitments (Tenaye, 2019).

In Ethiopia, traditionally customers of banks walk to the banking premises to deposit money. This method of savings mobilization is not able to mop up enough savings. In response to the problem of mobilizing enough savings, many banks have devised mechanisms of generating savings. Among the mechanisms for savings mobilization identified by banks include, collecting the salary of any company for their employees, trying to reach to the public by increasing branch number, internet banking, the use of the agent banking, sending agents to economic zones to mobilize savings, among others. It is evident that the bank uses a number of mechanisms to mobilize savings (Abera, 2017).

2.1.3. Purpose of Deposit

From depositor's point of view, the key purpose to use deposit in bank are safety of their money; easy access and possible real return. In general depositors keep their money in banks for a motive to undertake some activities in the future. According to Bhatt (1970), there are motives to save money the following are examples of some motives:-

- To own house
- To provide for children's education and marriage
- To provide for old age
- To bequeath property to children
- To provide for emergency expenditure

Commercial bank deposit are major liabilities for commercial banks deposit of commercial banks account for about 75% of commercial bank liabilities due to the fact that commercial are using this liability to lend it and gain return and if their deposits are using them do their business commercial banks are accept deposit from the customer and provide loan to customer, through in this. Why commercial banks mobilize the resource. Therefore, banks will be better if they are mobilizing more customer deposits in different deposit types (Mamo, 2017).

2.1.4. Major Types of Deposit Products

According to Islam and Ghosh(2014) the major types of deposit are:-

Checking Accounts:- a deposit account held at a bank or other financial institution, for the purpose of securely and quickly providing frequent access to funds on demand, through a variety of different channels.

Saving accounts: - accounts maintained by retail banks that pay interest but cannot be used as checking accounts, these account let customers keep liquid assets while still earning a monetary return.

Term deposit: - a money deposit at a banking institution that cannot be withdrawn or a present fixed "term" or period of time. When the term is over it can be withdrawn or it can be rolled over for another term.

In banking sector deposit mobilization is a scheme intended to encourage customers to deposit more cash with the bank and this money in turn will be used by the bank to disburse more loans and generate additional revenue for them. Furthermore, the key role of the loans, banks offer the more profit they make. However, the success of the deposit mobilization process depends on development of the financial system as well as the strategic practices adopted by banks (Kumar and Gunasekara, 2018).

2.1.5. Innovative Marketing Strategies to wards Deposit Mobilization

According to Silvester (2011) the greatest challenge facing the banking industry in recent times is competition among the banks. All the commercial banks have similar products designed to attract the same customers. It is therefore imperative to adopt the best customer care services to attract and retain valuable customers. The innovative marketing strategies currently used by commercial banks are the use of automated teller machines (ATM) to facilitate cash withdrawals, telephone banking, networking of bank branches to speed up credit deliveries and computerization of banks to encourage interbank transactions.

According to Catlett (2016) it is impossible task to ran a success full financial institution without gathering and growing deposit so the author put some ways that can increase deposit growth;

1. Focus on Who Matters

Customer service is still one of the key ways to attract and retain customers. So established acompetition can be overwhelming by offering exceptional customer service in addition to a variety of products and services at a competitive price.

2. Know and Educate Audience

Providing dedicated and relevant educational content is a powerful way to secure customer loyalty, sell new products, and meaningfully connect with a new generation of customers.

3. Create an Environment That Makes Cross-Selling Easy

Loyal customers can be your biggest advocate. They are also the easiest group to cross-sell products to since a relationship has already been established. Cross-selling can be an easy task that seamlessly fits into employee's routine as long as implement it the right way. Provide product training and offer up best practices.

4. Package Products

It's not surprising to find that many financial institutions offer similar products and services. Deliver all-encompassing options that will add value to a person's financial portfolio, i.e. a demand deposit account, savings and investment account, and a loan. Package accounts based on your customers wants and needs.

5. Utilize Online and Mobile Efforts

Offering convenient online services can be a huge selling point to customers. Online and mobile banking gives customers the leisure of conducting almost any activity online that they would normally do in person at a branch. People lead busy lives, so these types of features and services are appealing for their ease and convenience.

6. Be a Social Butterfly

Social platforms have transformed the way many industries are conducting business and that includes financial institutions. These platforms (Face book, LinkedIn, Twitter, etc.) allow to fully engaging with customers and funny enough, they add in a real human element by allowing financial institution to be personable and relatable.

7. Reward Customers and Employees

Rewarding employees with recognition and celebration will bring out their competitive spirit. Create incentive contests to boost cross-selling efforts or recognize individuals who do an outstanding job when it comes to customer service. Customers also like to be rewarded. Launch loyalty rewards programs to help attract new customers and strengthen the relationships with existing customers. Like any company, there are always ways to grow and become better. You can't just sit back and wait for deposits to start rolling in on their own; it needs to implement a plan and start gathering and growing deposits. Whether choose to utilize one or seven of the options above are up to you, but by proactively engaging with customer and employees, means taking the first step to boosting deposits.

2.1.6. Saving Mobilization Strategy

According to Kibebe (2016), financial institutions are actively pursuing innovations in areas such as mobile technology, information management, and agent distribution systems, which show promise of lowering the costs of servicing mass numbers of low-balance deposit

accounts. Over the next several years the microfinance community will likely learn whether lowering transaction costs for both savers and providers not only increases access, but also facilitates greater and more effective use of savings accounts by poor people (Martin, 2013).

Innovative and creative marketing strategies are crucial for the success of saving mobilization. Marketing studies are important for developing new saving products; marketing research includes analysis of potential customers, this may require the overcoming of social and cultural barriers, specific marketing strategies focused on this aspect of can bring the institution closer to their customer a broad branch network patronage of social events, linkage with authorities and community leaders to establishing strong links between customers and deposit taking institutions (Elser, Hanning& Eschborn,1999).

Savings institutions should conduct studies to analyze the services provided by other financial institutions in the local community before defining a strategy for launching new or revamped savings products. These studies:

- Identify the existing service delivery structure
- Compare the competitive characteristics of services—prices, terms, minimum amounts, convenience, waiting periods, service variety and sophistication of products—with other local financial institutions
- Evaluate interest rate scales on similar products of other local financial institutions
- Identify the financial service demands which the savings institution may satisfy for the local population (WOCCW, 2002)

2.1.7. Importance of Deposit for Banks

Deposits have different importance for bank business firm

1. For Growth Of Investment

Government creates and spread money throughout the economy in response to key movers like investment. Investment is largely possible because people can move large sum of money by saving, transferring and withdrawing funds from bank accounts. Bank deposits area primary tool for investment and without them businesses would not be able to access funds from individuals at all.

2. Focusing On Deposit Is Cheaper Than Raising Equity

Banks as any other business organizations can collect funds from debt and/or equity. In the banks context, raising equity is more expensive or costly than attracting deposits. Lorenzo et al. (2010) states that, if the lending channel plays a role, the deposit growth should lead to an increase in the supply of loans due to the additional source of financing for banks. As demand for loan increases because of the development work done by individuals, businesses and government, banks should extend their deposit base. When a commercial bank creates a deposit by lending to a business man, it is clearly performing a function for which it is entitled to a return in the form of interest payments (Ashenafi, 2016).

3. Source Of Fund For Loan

The main business of bank is issuing loans and taking deposit. The ability of the bank to transfer deposit in to loans increase its potential to generate income a bank can increase its profits by increase customer deposit (Abel & Roux, 2016).

Deposit mobilization as the main function of financial institution mobilizing funds from the surplus economic agents to the deficit economic agent is the process of deposit mobilization and it is thus affected to increase the economic growth. In banking sector deposit mobilization is a scheme intended to encourage customer to deposit more cash with the bank and this money in turn will be used by the bank to disburse more loans and generate additional revenue for them. Furthermore, the key role of the loans, banks offer the more profit they make. However the success of the deposit mobilization process depends on development of the financial system as well as the strategic practice adopted by banks. To mobilize enough deposit banks should present various kind of deposit schemes to attract customers. Normally customers have various kinds of needs and wants with respect to their gender, age, profession, level of income type of necessity. Tenure, size of business and so money other factor lead to make a discrepancy among customers when they deposit their money in deposit. Therefore, banks should be more attractive and strategic to absorb those deposits (Kumari&Gunasekara, 2018).

2.1.8. The Effects of Poor Deposit Mobilization

According to Samuel (2015) there are a number of effects that are brought about as a result of the poor deposit mobilization. These Include

- Inability to disburse loans to qualifying members on demand,
- Inability to meet operation costs,

- Inability to service debts,
- Unstable board of directors due to frequent reshuffle as disgruntled members vote officials out,
- quitting of members to competitors,
- Falsification of financial reports. These can cause the voting out of elected officials on accusations of fraud, financial mismanagement practices. In addition, dissatisfied members can quit in large numbers to join alternative and emerging financial institutions for fear of losing their savings if the situation deteriorates.

2.1.9. Possible Means of Enhancing Deposit Mobilization

The analysis of binding constraint, depending on their nature and scope, should lead to the identification of some opportunities for enhancing savings mobilization. Some of them have unexploited market, competition, progressive attitude, technology availability in the market, increasing saving interest rate, providing quality service, distributing sufficient loan and advance, provide different products, adopted market strategy, create awareness among the society can be the likely opportunities for enhancing deposits mobilization.

1. Savings Interest Rate

Interest rate in the banking system is held as investment cost from the investor's point of view and opportunity cost from the depositor's point of view. Deposits are more interest rate sensitive and banks may choose to increase investments in interest rate sensitive assets and to decrease investments in loans. That is commercial bank deposits are interest rate sensitive, therefore as the interest rate changes the deposit of the commercial banks will change (Shemsu, 2015).

As to Erna & Ekki (2004), Economists, mainly conventional ones, believe that depositors are attracted to deposit their money in banks because of the opportunity cost of holding cash in hand is high when the interest rate is also high. This can easily be explained by the utility maximization (cost minimization) premise, as a depositor will choose an action that will maximize their welfare or satisfaction.

2. Product Differentiation

Tomola M. Obamuyi (2013) said "Banks have used various strategies and most increasingly adopt a marketing approach for deposits mobilization which focuses on the identification of

customer needs and offering of product accordingly. “ Financial institutions provide variety of saving products to mobilize deposits through attraction of customers. These deposit accounts are arranged to meet the test and preference of customers. The deposit accounts are, saving deposits, current account or demand deposits account, interest free deposit accounts and fixed time deposits. Although, saving deposit is one the interest bearing accounts to depositors, commercial banks provide alternative savings deposit schemes to attract more customers based on customers’ test and preference, because service innovation is considered as a source of competitive advantage. Interest bearing deposits include but not limited to Women saving account, Student saving account, Youth saving account, and Hybrid saving account. Moreover, banks facilitate interest free savings accounts to satisfy the test and preference of Muslims communities or other interested people. Banks further closely study the needs of customers and arrange various interests on deposits based on the volume of deposits (Fekadu, 2019).

3. Loans and Advances

This is total loans divided by total asset, provides a measure of income source. Loans are the largest segment of interest bearing assets. Other things being constant, the more the deposits that are transformed into loans, the higher the level of profit will be, therefore, it is expected to have a positive relationship with bank resource mobilization performance. Loan is the major resource of Commercial Banks of Ethiopia from which they generate income. The quality of loan portfolio determines the resource mobilization of the bank. The loan portfolio quality has a direct bearing on bank deposit. Commercial Banks of Ethiopia provides loan customer means those provided loan are rotated on customer account which is increase customer deposit (Mamo, 2017).

4. Services

Banks are providing services but competitions among banks are determined by the quality of the banking services. the quality of banking services mainly depends on several factors as, Branching Policy: The expansion of banking facilities is the key factor for deposit mobilization and when providing facilities accessibility is the most important factor, Innovative approaches, Interest rate policy, more incentives to depositors, more incentives to bank employee when achieving targets on deposit mobilization, Training for bank employees and Expansion of infrastructure (Kumari, Gunasekara, 2018).

According to Iswary (2015), there is a close relationship between banking services and customer awareness. These two variables should be integrated with each other to have high deposit mobilization.

5. Service Level & Technology Used

In recent years, Advances in information technology in the banking industry have radically changed the banking practices and customers can do their banking activities as 24 hours (Erickson et al, 2005, Sayar and Wolfe, 2007). Internet banking allows customers through bank website have internet banking transactions as extensive and faster and less cost than traditional branches without restrictions of time and space (Krauter and Faull ant, 2008). The speed of development of informatics industry causing major changes in the form of money and resources transaction systems in the areas of banking and new concept of banking has emerged as electronic banking (Hassanzadeh and Pourfard, 1382). The amazing development of information technology and its expansion into the money and bank markets in the world, in addition to facilitating the customers of banks has revolutionized the current techniques of banking. Today, customer's judge in the banking is based on the bank's ability to help solve problems and business development firm. Security, transaction speed, friendliness and consumer convenience, facilitating in use, reliability and privacy issues are the most important factors in choosing the bank's customers (AkinciSerkin et al. 2004, Sylvie Laforet et al, 2005). The banking industry has been totally revolutionized by the impact of information communication technology (ICT) in virtually all operations many years ago, lots of tasks in the bank were carried out by manually. These particular manual business activities as cash book, ledgers and final accounts consisted many errors time logs and also high transaction cost with lots of paper work. All these circumstance have changed due to the impact of technology on banking industry (Kumari, Gunasekara, 2018).

According to Zewdu (2014) despite those encouraging changes in its structure, the Ethiopian financial sector is not diversified in terms of the type of institutions delivering the service and the type of financial product being delivered. The financial service is dominated by a cash based system. Moreover there is no stock market and financial market comprising the interbank money and foreign exchange markets as well as the bond and TB market is at an infant stage accommodating limited amount of transaction.

6. Market Strategy

The marketing concept is about providing customers satisfaction. The underlying fact about this concept is that effective marketing should begin with the existence of customers need/wants and then the organization works backwards to develop appropriate products to satisfy customers desire (Sirgy, 1996). Accordingly, Okafor (1998) posits that the application or adoption of marketing concept remains a vital marketing problem facing in this sector. A marketing orientation has come to change the trend. Bank customers are no more restricted to a few banks of yesteryears, which left them with little or no alternative, but now they have a whole lot of banks to choose from.

The message is unambiguous. It is only those banks that identify and anticipate consumers' real value and needs that will be better placed to satisfy them. Today, this need-satisfaction syndrome is synonymous with success in every business enterprise (Worlu, 2007). Therefore, the marketing of financial services requires a calculated and planned orientation through the application of a philosophy known as the marketing concept, which works through the adoption of effective marketing strategies.

For the marketing strategy of an organization to be successful, it must be premised on the following factors: (i) the character of the economy. (ii) The organization's competitive size and position in the marketing segment must be known. (iii) Clear identification of the resources available along with the organization's policies and objectives. (IV) Knowledge of the competitors marketing strategies

(v) Proper coordination of the tactics into an integrated, complemented and cohesive whole. The marketing strategy is usually formulated and implemented to achieve a sustainable competitive edge in an industry (Osuala, Uruakpa&Onoh, 2019). However, Baker (1985) posited that to achieve a successful marketing strategy requires a thorough knowledge of the competitive forces at play in the market segment. These forces are: (i) the threat of new entrants; (ii) the threat of substitute financial product; (iii) the bargaining power of suppliers of funds and the users of funds including competing institutions.

7. Awareness Creation

According to Baqui et al (1987), some analysts argue that demand for deposits is influenced by education level which in turn increases the awareness of the rural people about banking services. Since the study of Baqui et al (1987) conducted by taking rural area as its base it is

obvious that it considers the awareness as a factor of deposit mobilization. It was also found that literacy as a proxy for awareness about banking, positively influence deposits.

8. Banking Accessibility

It is expected that banks make decisions on expanding their facilities by considering factors such as level of competition, deposit potential, regional income and existence of road and vehicles. As deposit potential is one thing that banks consider in expanding its branches, the deposit can also be a reason for branch expansion strategy that the banking sector uses. According to Erna & Ekki (2004) there is a long run relationship between commercial bank branch and commercial banks deposits. It is often argued that branching stabilizes banking system by facilitating diversification of bank portfolios. Mark & Kris (2006) found from theoretical literature on banking regulation that branch banking leads to more stable banking systems by enabling banks to better diversify their assets and widen their deposit base. An argument commonly articulated in the literature is that branch banking stabilizes banking systems by reducing their vulnerability to local economic shocks; branching enables banks to diversify their loans and deposits over a wider geographical area or customer base (Mark & Kris, 2006). Restrictions on branching have been linked to the instability of banking systems. Daniel (2005) suggests that the lack of widespread branching bank networks hindered the development of large-scale industrial firms. It is stated that unit banks become increasingly incapable of receiving deposits from a widespread geographic a

2.1. Empirical Literature

Abera (2017) the study assess the deposit mobilization practice of Bank of Abyssinia. Descriptive method particularly survey design approach was adopted for the study. Method of the primary data is stratified random sampling, and reviewed five year annual report of Bank of Abyssinia S.C. The study identifies that BOA is registering a continuous deposit growth for the last few years. The findings of the study show that BOA is operating in a dynamic and highly competitive environment, doesn't offer different products to its customers, the bank tries to reactivate inactive accounts, aggressively promoting its service, sales officers are effective by increasing account number, government law and regulation is the challenge to mobilize deposit. Finally bank of Abyssinia were recommended to extend evening hours and services on weekends to provide excellent customer service, evaluate the existing products and develop

new product types which customized to the needs of different target groups, to make efforts and awareness creation campaigns to have well informed society, increase its branch number, to arrange and apply incentive program for new depositors.

Daniel (2018) the study aims to assess deposit mobilization of commercial banks in Ethiopia by concentrating the case on Dashen Bank S.C. Descriptive method and particularly survey design approaches were adopted for the study. The study uses structured review of documents and records held by DB and NBE. The finding shows that Dashen bank is operating in a dynamic and highly competitive environment and there is high possibility of catch-up and by-pass among these banks. Then it is recommended that Dashen bank should prepare for the inevitable stiff competition that will arise from local and with the eminent future entrant of foreign banks.

Abraham (2019) focused on assessment of determinants of deposit mobilization of financial sectors in Ethiopia in the case of commercial banks in Ethiopia. The study used a cross-sectional design by collecting financial data of the years 1981- 2012 on the independent variables (Income, expense, asset, liability, reserve, loans and advances and consumer price index). Descriptive and econometric analyses are done by using E-views 5 and Excel 2007. The study identified that CBE's main source of capital is deposit; demand deposit remained to be dominant; the bank's total deposit is related positively with income, its asset, liability, its loans and advances granted and Consumer Price Index. However, the bank's deposit is negatively related to its reserve requirement and its expense. Also, almost by 25% all the endogenous variables will affect a one year lag in the short run to reach the equilibriums position in the long run. Then, it is recommended that there is a need to remove obstacles on the depositing road by awareness creation efforts tailored to its employees, stakeholders and customers; improving bank service accessibility and consumption.

Yakubu&Abokar (2020) factors determining banks deposit growth in Turkey an empirical analysis, this paper aims to examine the key factors determining bank deposit growth in Turkey for the period 2000Q1–2016Q4 uses quarterly data spanning. The study employs the autoregressive distributed lag approach to investigate the effect of bank-level and macroeconomic factors on deposit growth. This paper departs from the extant empirical

studies that focus on the determinants of individual savings behavior in Turkey. Considering the short- and long-run time dimensions, the authors distinctively examine how bank characteristics influence deposit growth, thus presenting a relatively pioneering attempt in this context. The results reveal that bank stability, banking sector efficiency; broad money supply, economic growth, and inflation are significant determinants of deposit growth in the long run. The findings further show that in the short run, only branch expansion and broad money supply are relevant for bank deposit mobilization.

O.Pesa (2015) focus on factor affecting deposit mobilization by bank agents in Kenya: A case of National Bank of Kenya, Kisu County. The study employed a case study design. The target population was 80 respondents. The study used a questionnaire to collect data, validity and reliability of which was ensured through expert judgment and test and retest method. The data collected was analyzed using descriptive and inferential statistics a regression analysis was also conducted. The study revealed that agent transaction influences deposit mobilization by bank agents in Kenya to a great extent, requirements for cash deposits are made in national bank of Kenya branch thus influencing deposit mobilization by bank agents in Kenya negatively. Agents need to be trained on customer service and importance of customer satisfaction so that the customers can freely enjoy the services of agents.

Kumari&Gunasekara (2018) factor affecting for deposit mobilization in Sri Lanka. The main objective of this study is to investigate the most effective factors affecting deposit mobilization, followed by a random sampling method, in which 120 deposit account holders were selected as a sample from three different convenient sample areas. The Questionnaires are equipped with questions to obtain primary data. The data has been analyzed using “descriptive statistics” and “regression analysis”. The study reveals that, there is a significant and positive relationship between deposit mobilization and deposit interest rate, security, branch expansion, services, technology and awareness. Moreover, there is a significant relationship between living area and the amount of deposits and the demographic variables, such as, gender, occupation, education level and income significantly affect for deposit mobilization.

Mamo(2017) an investigation on determinants of deposit mobilization in commercial banks of Ethiopia. As determinants of customer deposit mobilization in the bank five explanatory variable such as , loan , existence of competitors , interest rate , branch expansion were included .The result of the econometric result indicate that loan provision , branch expansion and number of customers are found to have significant positive impact for the growth of deposit mobilization . However the emergence of new competitors and interest rate is not found to have positive impact to induce deposit mobilization in the bank. The study recommends expansion of banks in different areas as well as enhancing the number of the customers via different incentive provision and coping up with emerging competitors as potential means of promoting deposit mobilization.

Ashenafi (2016) factors affecting deposit mobilization in commercial bank of Ethiopia: the case of Addis Ababa city branches. The study empirically ascertains that, managing deposits is not possible without knowing and controlling the factors affecting it. For the qualitative analysis a total of 130 respondents answered the entire survey. The overall response rate for survey was approximately 86.09%. The survey find out that the key factors for deposit growth are employees' skill, awareness, capabilities and commitment, top management cooperation, government rule and regulation, service quality, customers awareness. Based on regression analysis result nominal GDP, exchange rate, branch expansion and foreign remittance was found to have a positive relationship with bank deposit growth and the effect on bank deposit is significant. On the other hand deposit interest rate and Inflation are affects positively and can increase CBE's deposit but these factors are insignificant, since p value of those variables is greater than the significant level. Finally the hypothesis is tested by using Wald test and the result shows rejection of the null hypothesis and this shows that the independent variables are positively affects the total deposit of commercial banks. Managing deposits is not possible without knowing and controlling the factors affecting it.

Tagel (2015) focus on assessment on factor affecting deposit. This case study employed a quota sampling technique, where 46 bank staff was sampled. However, the study captured 46respondents from seven branches of private commercial banks at Arba Minch town were selected as representatives in this study. The results from the analysis of bank officials' shows that Awareness Creation and branch expansion, Interest Rate and Service level &Technology

used are among the most important factors to facilitate deposit mobilization. Also the hypotheses have a positive impact on deposits growth was strongly supported by the results of this study. Regression results were presented, where t-statistics and standard deviation were used to support and strengthen the professional arguments.

Kibebe (2016) determinants of commercial banks deposit mobilization evidence from private commercial banks in Ethiopia. The study adopts mixed approach to gather the data. The primary data is gathered using questionnaire. Sampling method of the primary data is purposive sampling technique. While the secondary sources of data were extracted from annual reports of all private commercial banks of Ethiopia, data from National Bank of Ethiopia (NBE) and from Central Statistical Authority (CSA). Regarding the secondary data, the study used time series data from 2000-2014 for analysis made using Classical linear regression method. The study shows that, Age dependency ratio, Investment and money supply, are the most significant factors of deposit mobilization activity. The other variable such as Per capita income has insignificant power to influence the dependent variable. As a result, the study recommended that, Government should increase investment so as to promote economic growth to mobilize deposits since there exists a positive relationship between Deposit and Investment. And private banks ought to increase number of branches to mobilize more resources.

Fekadu (2019) Factors affecting Deposit Mobilization: The Case of Dashen Bank Sc. Addis Ababa branches. This paper examines the factors affecting deposit mobilization of Dashen Bank specifically on branches of Addis Ababa. Five years deposit performance of the bank indicates that total deposits of each year increased because the bank worked hard on branch expansion which is identified in this study as one of the independent variables that contributed for deposit mobilization. In this study more emphasis was given to bank specific variables in order to analyze their contribution to deposit mobilization by using the descriptive statistics, correlations and regression models. Different diagnostic like R-squared and adjusted R-squared values are tested and shown as the bank's deposits performance moves in line with the independent variables. Also in ANOVA, the P value indicates $P < 0.05$ that is significance and the error is zero. Hence, there is a relationship between the dependent variable (deposit) and independent variables. Same is confirmed by Chi-square test. The correlation test results reveal

that independent variables such as Service Quality, Branch Expansion, Interest Rate, Technology, Disposable Income and Market strategy are positively and statistically significant on the bank deposit growth. Finally, deposit mobilization is very crucial for banking business; Hence, Dashen bank should be vigilant in applying the aforementioned independent variables to attract and retain more deposits and deposit customers.

2.2. Summary and Knowledge Gap

Based on the above theoretical as well as empirical review, deposit mobilization is the major activities for all banks especially for commercial banks since their function is mobilizing deposit to meet the required liquid it for credit customer of banks.

According to the review, most of the empirical studies done on the area of factors affecting and determinant of deposit. All studies cited above suggest that commercial banks deposit is determinant both by bank specific factors and macroeconomic factors some of the studies give more attentions to macro determinants rather that bank specific and significance of determinants identified by the studies are completely different. To the knowledge of the researcher there is no theoretical and empirical study done regarding to deposit mobilization practices in the case of NIB. most of the research were conducted in Ethiopian the area such as, Abreham (2019), Mamo (2017), Ashenafi(2016) ware focused on the determinant and factor affecting deposit mobilization in commercial banks in Ethiopia and also Abera (2017), Daniel (2018), Andenet (2018) were also reviewed on assessment of deposit mobilization but the current deposit mobilization practice and activities of NIB were not analyzed by researcher. It is essential of assessing the current practices of deposit mobilization strategies of NIB. And finally, this study is different from previous works done by others; specifically it assesses the deposit mobilization practice of NIB.

Chapter Three

Research Methodology

Research methodology is a systematic attempt or procedure that helps the researcher to avoid self-deception (Saunders et al, 2000). Research methodology is the theoretical framework that helps us to produce valid knowledge about the particular study that the researcher already proposed to engage, and shall be clearly presented the appropriate information (Kibebe, 2016)

The methodology in this study was gear towards assessing the deposit mobilization practice of NIB International bank S.C. The sections under the chapter state the approach and design that are used in the research, sampling methods and data gathering tools. It also describes the variables that are used in the study.

3.1. Research Design

Research design is the set of methods and procedures used in collecting and analyzing measures of the variables specified in the research problem part of the research. The researcher selected the research design based on purpose for the study; because it is very comprehensive and that helps to explain the research plan more clearly (Fikadu, 2019).

The descriptive research design used in this study to provide accurate and valid representation of the assessment or variable that was relevant to the research question and objective. Descriptive research was designed to obtain information, which concerns the present status prevailing in the public organization (Stander et al 2007). The research methodology was quantitative and qualitativethat was providing solutions for research questions. Both primary and secondary data are used in the research to provide better solution through analysis. The primary data were collected by distributing questionnaires and to the employees and customer of the bank and also interviews conducted with the managerial level of NIB. The main objective of the study is to assess the deposit mobilization performance of NIB; on the case of Addis Ababa branch.

3.2. Research Approach

The quantitative and qualitative research approach used to collect and evaluate the deposit mobilization by developing and distributing questionnaires and to the employees and customer of the bank and also interviews conducted with the managerial level of NIB

Quantitative research employ strategies of inquiry such as experiment and surveys, and collect data on predetermine instrument that field statistical data (Creswell 2003; William 2011).

Qualitative research employs a flexible, emergent but systematic research process, by focusing on description and interpretation and might lead to development of new concept or theory or to an evaluation of an organizational process (Hancoc, Ockleford, Windridge, 2009).

3.3. Data Type And Source

The study used both primary and secondary data. The primary data was collect from the staffs were direct relationship in deposit mobilization of NIB International Bank SC and customers of NIB. Questionnaires were prepared and distribute in order to gather information from employees NIB International Bank SC. Secondary data was also including from the company's studies and annual reports.

3.4. Research Instrument

The main research instrument utilize in this study was questionnaires. Questionnaires are useful option to consider when conducting a postal survey. They can be cheaper than personal interviewing and quicker if the sample is large and widely dispersed (Mathers, Fox &Hunn, 2009)

The questionnaires contains three parts is about demographic, characteristics of respondents. This part consist of items such as, gender, age, academic qualification, position, year experience in NIB, the second part is related to the research question and the third part is about the overall deposit mobilization of NIB. In this study the questionnaires were adopted from (Abera, 2017) and (Samuel, 2015)

3.5. Target Population And Sampling Design

The population includes 186 city branches, 17 departments, 3 divisions, 4 districts, 5 vice presidents and the president. And additionally a questionnaire was distributed to the customer of NIB.

The target population for the study is employees and customer of NIB. The sample 127 city branches and 126 customers respectively were selected. In order to obtain data for this study, non probability purposive sampling method was employed. This is because the selected respondents having sufficient work experience and relevant position can best meet the research objective.

3.6. Sample Size

To determine the appropriate sample size the following criteria was consider. ± 5 percent level of precision or sampling error was considered. From 186 branches the sample size of 127 and by using MensahIshmeal(2014) and Al Hemyari(2018) sampling technique for unknown population,126 respectively for employees and customers is used and consider as optimum by the researcher. The researcher used a formula to calculate sample size as follows:-

$$n = \frac{N}{1+N(e)^2}$$

Source: Yemane (1967)

Where: - n = No. of sample

N = Total number of population

e = Level of precision

There for the sample size is:

$$n = 186/1+186(0.05)^2 = 126.96 \approx 127$$

$$n = \frac{Z^2 (P) (1-P)}{c^2}$$

Source: Ishmeal (2014)

Where: Z= standard normal deviation at 95% confidence level (1.96)

P= percentage picking a choice or response (50%=0.5)

C= confidence interval (0.05= ± 5)

$$\frac{(1.96)^2 (0.5) (1-0.5)}{(0.05)^2} = 384$$

$$(0.05)^2$$

To modify the sample size

Source: Hemyari (2018)

$$N = \frac{n_0}{1+(n_0-1)}$$

$$\frac{1+(n_0-1)}{N}$$

N

where: n is the new adjusted sample size

n₀ is cochrant sample size

N is the population size

$384/1+(384-1)/186= 126$ which the samllest populationof customers of NIB.

3.7. Sampling Technique

In order to obtain data for this study, non probability purposive sampling method was employed. This is because the selected respondents having sufficient work experience and relevant position can best meet the research objective.

3.8. Source And Tools Of Data Collection

The study used both primary and secondary source of data and in addition, the study used quantitative and qualitative data. In order to address the research objectives, primary data was collected from each sample of vice president offices, district offices, branches and customers of NIB using questionnaires and interview. The secondary data was gathered from, literatures and previous studies in the sector and experience of other countries, Studies, Reports, newsletters and Annual reports of NIB international Bank, National Bank of Ethiopia, and other private banks and any other related Journals and Articles.

According to Kothair C.R. (2004), the method of collecting information through personal interviews is usually carried out in a structured way. As such we call the interviews as

structured interviews. Such interviews involve the use of a set of predetermined questions and of highly standardized techniques of recording.

3.9. Data Analysis And Interpretation

After data collection from respondents through questionnaires, a researcher coding data into SPSS software and excel to analyze questionnaires and describe the result. The descriptive research design was used in this study. The research methodology is quantitative and qualitative that was provide solutions for research questions. Accordingly 127 questionnaires of employees and 126 questionnaires from customer’s total 246 questionnaires are analyzed and interpreted. In order to show the trend of total deposit of NIB, the researcher used deposit figures collected from annual reports of NIB from the year 2015 G.C up to 2020 G.C and interpret.

3.10. Reliability Analysis

According to Patton (2002) the two factor validity and reliability should be considered by qualitative research in order to judge the quality of the study. Designing the study and analyzing result.

The measure the consistency of the questionnaire particularly the Likert type scale, the reliability analysis is essential in reflecting the overall reliability of constructs, which it is measuring to carry out the reliability analysis, Cronbach’s Alpha (α) is the most common measurement of scale reliability and value greater than 0.700 is very acceptance (Field,2009; Cohen & Sayag, 2010). According to the under listed table the reliability analysis result of all variance revealed 0.706 here by the responses generated for all of the variable used in the research were reliable enough for data analysis.

3.1. Reliability Statistic

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.706	.750	18

Ethical Considerations

Ethics was the prime essence of this assessment study of deposit mobilization practice. Confidentiality of the questionnaire respondents was maintained by keeping the data provided by them with the researcher and the advisor, also it was not be revealed to any third party. The conclusion of the study was taken as the views of the researcher not the faults identified in the present practice being followed and the recommendations was outlined as if they are based on the basis of prevailing theories regarding the deposit mobilization practice.

The data was analyzed based on the questionnaires response rather than using the researcher opinion and input. The researcher was truthful to the responses of the respondents and free from any personal assessment. Results were formulated only from out puts of truthful inputs.

The respondents and management was taken in confidence and assured fully that any information provided by them will be kept confidential and their names will not be revealed at any cost.

Chapter four

Data analysis and presentation

4.1. Introduction

This chapter will be presents the research findings. It aims to covering assessment of deposit mobilization the case of Nib International bank S.C. primary and secondary data have been analyzed and results were interoperated. The study distributed 253 questioners for employees and customers of NIB international banks; however the data analysis was conducted. On basis of 246 as there were 7 non respondents. The primary data used is derived from questionnaires and interview held and the secondary data was collected from annual report of NIB international bank S.C.

Table 4.1. Sample size and returned questionnaires

Sample size	253
Completed and returned questionnaires	246
Response rate	97.23%

Source: survey questionnaires 2021 (SPSS V20)

Respondent rate one hundred twenty seven questioners were distributed to the employee's and out of these 246 questioners were collected which accounts 97.23% response rate. According the analysis of this study is based on the number of questionnaire collected which accounts 97.23% response rate. According to Mundy (2002) respondent rate approximating 90% for most research would be excellent, which more secure that the results are representation of the population being studied.

4.2. Demographic Characteristics of Respondents

It is necessary to know the general characteristics of the employees for involved on the studied, for the data collected to be authentic and reliable. The studied gather information regarding gender, age, academic qualification, job position and work experience were present on the below table.

Table 4.2General characteristics of the respondent

		Frequency	Percent
Gender	male	57	46
	Female	67	54
Age	20-30 years	77	62.1
	31-40 years	38	30.6
	41-50 years	9	7.3
Academic qualification of the respondents	diploma	1	0.8
	Degree	92	74.2
	masters and above	31	25
Position	Director	3	2.4
	Department Manger	2	1.6
	Customer Relationship Manager	6	4.8
	Branch Manager	13	10.5
	Assistance Branch Manager	13	10.5
	Senior Officer	87	70.2
Work experience	2-6 years	68	54.8
	7-11 years	15	12.1
	11 and above years	41	33.1

Source: survey questionnaires 2021 (SPSS V20)

As table 4.2, shows that most of the respondents (46%) are males and the rest (54%) are females. The analysis result reflected that from the total respondent 54% represented by females, therefore female's participation in NIB international bank was high, which indicates there might be smaller of male employees in the bank compare to female, and all respondents are direct experience on deposit mobilization: it enable the researcher to get all required data from the participants.

According to table 4.2, age of , the respondents (62.1%) are between 20-30 years. 30.6% of the respondents are between 31 and 40 years and 7.3% of the respondents are between 41 and 50 years, all respondents are below 50 years of age.

Majority of the respondent age ranges fall in between 20-40 years (92.7% share), this reflect that greater part of deposit mobilization activity was undertaken by more productive and mature aged on banking sector and followed by 7.3% are age range in between 41-50 years which is so good to the bank to have highly matured employees.

According to table 4.2, shows that from the respondent (0.08%) have diplomas, 74.2% of the respondents have degree, 25% of the respondent have a master's degree. This results that, most of the questionnaires answered that 74.2% of respondents are degree holders, meaning who have knowledge relevant to deposit mobilization and can understand and fill questioners correctly that gives confidence to the researcher that the information provided from the questionnaires are genuine as they are answered by educated and responsible individuals. In addition, 25% of the respondents are master's degree holders, which they have enough experience and experts on deposit mobilization. Data available reveal that the educational qualifications are balanced regarding deposit mobilization.

As indicate above table 4.2, 2.4% respondents are directors, 1.6% of the respondents are department managers, 4.8% of the respondents are customer relationship managers, 10.5% of the respondents are branch managers, 10.5% of the respondents are assistance branch managers, and 70.2% of the highest respondents are senior officers. This indicates that all respondents have directly experience at deposit mobilization: it enable the researcher to get all required data from participants.

It can be viewed on the above table 4.2, that of the respondent, 68 respondent (54.8%) fall in 2-6 years' service category, 15 respondent (12.1%) fall in 7-11 years working experience and 41 respondent (33.1%) respondent are 11years and above work experience. According to the above table the list work experience is two years because employees of less than two years are not included in the study. The composition of work experience of the respective sample may have a positive effect on the quality of the finding of the study as it integrates the view of each group. Experienced employees are always an asset to the organization.

4.3. Major Service Performed By NIB

Table 4.3 What service do you get in NIB International Bank S.C?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Saving	76	62.3	62.3	62.3
Money transfer	17	13.9	13.9	76.2
Import/ export	6	4.9	4.9	81.1
credit service	1	.8	.8	82.0
Current account user	22	18.0	18.0	100.0
Total	122	100.0	100.0	

Source: survey questionnaires 2021 (SPSS V20)

From the above table 4.3, the highest respondent of saving account users with response number of 76(62.3%), 17 response (13.9%) uses money transfer (local and foreign), 6 response (4.9%) uses import service, 1 response (0.08%) uses credit service and 22 response (18%) uses current account. This indicated that the most significant volume of deposit in NIB is saving deposit. According to (Varman,2005) the ability of bank's management and staff to attract checking and saving account from business and individuals is an important measurement of the bank's acceptance by the public. Deposits provide most of the raw materials for bank loans and thus represent the ultimate source of bank profits and growth.

4.4. Major Factors of Deposit Mobilization

Table 4.4 Which factor contributes more to increase the deposit amount of the bank

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Focused on customer handling	61	49.2	49.2	49.2
Aggressive branch expansion	25	20.2	20.2	69.4
Expanding E-banking channel	4	3.2	3.2	72.6
Aggressive advertisement	5	4.0	4.0	76.6
Exchange Rate	1	.8	.8	77.4
Product Differentiation	13	10.5	10.5	87.9
Loan and Advance	15	12.1	12.1	100.0
Total	124	100.0	100.0	

Source: survey questionnaires 2021 (SPSS V20)

From the table above 4.4, 49.2% of the respondent's customer handling is high impact on deposit mobilization, 20.2% of the respondents aggressive branch expansion, 3.2% of the responses is expanding channel, 4% of the respondents is aggressive advertisements, 0.08% of the respond exchange rate, 10.5% of the response is product differentiation and the rest 12.1% of the respondents is loan and advance. This indicates that most of the respondents believe that customer handling is high impact on deposit mobilization. According to Stafford (1996), due to the fact that banks sell undifferentiated products, the only effective tool they can use to survive in the market is the quality of service. Banks that offer very high quality service have a competitive advantage because the benefits of improved quality of service are large market share, increased in profit and increased in customer retention (Bowen& Hedges, 1993).

4.5. Major Depositors of NIB

Tables 4.5. Who do you think the major depositors of NIB?

	Frequency	Percent	Valid Percent	Cumulative Percent
Individual customers	46	37.1	37.1	37.1
Business organizations	69	55.6	55.6	92.7
-Valid Government	1	.8	.8	93.5
NGO's	8	6.5	6.5	100.0
Total	124	100.0	100.0	

Source: survey questionnaires 2021 (SPSS V20)

According to table 4.5, most of the deposit of the bank is individual customers and business organization users with 37.1% and 55.6% respectively and 0.8% response government, 6.5% responses NGO's. Banks management's major concern is the variability of deposit for several reasons. The ability of bank's attract checking and saving accounts from business and individuals is an important measure of the bank's acceptance by the public (Mahendra, 2005).

4.6. Data Analysis and Result Interpretation

As it were revealed in the methodology part, the designed method is descriptive statistical analysis. In addition to the quantitative analysis, the qualitative information obtained through systematic interviews is used to analyze the following statement in the assessment of deposit mobilization practice the case of NIB International Bank S.C

In this section, data collected from the respondent in reference to the objective of the study is analyzed using Microsoft Excel and SPSS V20 software's. Since this is a descriptive study, percentages mean and standard deviation is used to analyze the data. The respondents were requested to answer the questionnaire statement in the following Likert scale measurement,

(1) As strongly disagree, (2) as disagree, (3) as neutral, (4) as agree and (5) as strongly agree.

The five point Likert Scale is considered an interval scale. The mean is very significant from 1 to 1.8 it means strongly disagree, from 1.81 to 2.6 it means disagree from 2.61 to 3.4 it means neutral (moderate), from 3.41 to 4.2 it means agree, from 4.21 to 5 it means strongly agree (Best & Khan, 1998). variance are average error between the mean and the observation showing how well the items fit the actual data and the square root of the variance is standard deviation which measures how well mean represent data. large standard deviation means that the point are far from the means standard deviation of zero means that all the scores are same and

standard deviation more than 0.7 indicate significant impact of the variable among respondents (Rediet, 2020)

4.6.1. Deposit mobilization activities performed by the bank

Table 4.6 Activities of deposit mobilization

S.NO	Likert scale analysis	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	TOTAL	Mean	Std. Deviation
1.1	The bank is aggressively expand its branch	124	32.3	53.2	8.9	4.8	.8	100.0	4.11	.819
1.2	The bank offers different products to mobilize deposit	124	11.3	47.6	13.7	25.8	1.6	100.0	3.41	1.044
1.3	The bank mostly offer gift for new depositor	124	6.5	20.2	23.4	38.7	11.3	100.0	2.72	1.108
1.4	The bank trains its staff to mobilize deposit	124	4.0	23.4	17.7	50.0	4.8	100.0	2.72	1.009
1.5	The bank fairly distribute its loan to attract	124	5.6	37.1	31.5	20.2	5.6	100.0	3.17	1.002
1.6	The branch manager gets the necessary support from the management	124	9.7	46.0	26.6	13.7	4.0	100.0	3.44	.981
1.7	Relation managers and branch managers visit the selected customers	124	16.1	51.6	17.7	10.5	4.0	100.0	3.65	1.004
1.8	Account mangers contact customers to reactive their inactive account	124	16.9	39.5	12.1	25.0	6.5	100.0	3.35	1.211
	Valid N (listwise)	124								

Source: survey questionnaires 2021 (SPSS V20)

The table above highlights the deposit mobilization activities performed conjunction with, branch expansion, product differentiation, prize award, deposit mobilization trainings, fair loan distribution of loans, getting necessary supports to managers, visiting customers and reactive inactive accounts, the respondent's response was analyzed based on percentage for each scale along with mean and standard deviation.

From the above table 4.6, shown the respondent are agree by the mean of 4.11 and standard deviation of 0.819 that which take as low that the bank is aggressively expand its branch. Based on the respondents on the data collected which shown in the table above indicate that, 0.8% of the respondents strongly disagree, 4.8% disagree, 8.9% neutral, 53.2% agree and 32.3% strongly agree. During the period ended June 30, 2020, the bank opened 41 new branches were opened of these branches 21 were city branches and the remaining 20 were opened outlying. This indicates that NIB International Bank S.C is increasing its branch number to attract new depositors and the existing customer (Annual Report, 2019/20).

According to table 4.6, Most of the respondents agree that the bank offer different products to mobilize deposit with the average mean of 3.41 and the standard deviation value is slightly above 1 and it could be consider as there is a differed perception among each other. Based on the data collected from the respondent, 1.6% of the respondent strongly disagree, 25.8% disagree, 13.7% neutral, 47.6% agree, 11.3% strongly agree. Customer's satisfaction depends on the products that the banks are offering along with the quality service that the banks are providing (Ariful, Proshenjit, Rayhan and Mithun, 2013). So NIB International bank has provided different products that satisfy the new and existing customers such as, Gojo/Guzo saving account, New born baby account, prestige account, senior citizen account, executive special savings and nonresident deposit account.

As table 4.6, most of the respondent neutral on offering gift for the new depositor a significant portion reflects by 2.72 average mean value, more over the variance in perception considered as high and reflected by the average standard deviation value, 1.108. From the table above, 11.3% of the respondents strongly disagree, 38.7% disagree, 23.4% neutral, 20.2% agree, 6.5% strongly agree. According to the respondent the bank doesn't offer any gift for new depositors which is the bank only provide for foreign remittance not for new depositors of the bank. According to Tigist (2020) developing countries like Ethiopia where the majority of the population does not use financial institution it has become the task of government as well as financial institutions in those countries to be engage in sales promotion and devise a method to draw their population in to using bank or market saving at financial institutions one of the method recently devised around the world is the use of draw award for people who are willing to save at bank.

As table above 4.6, the bank trains its staff to mobilize deposit, most of the respondent is neutral that the bank gives training to staff to mobilize deposit by the average mean of 2.72 with the standard deviation of 1.009 which could be considered as there is a different perception among each other. From the data collected from the respondent which indicated on the above chart, 4.8% strongly disagree, 50% disagree, 17.7% neutral, 23.4% agree, 4% strongly agree, which shows that the bank doesn't give the necessary training for the staff

about deposit mobilization. Give training about the bank service, market and customer service and so-on increases the knowledge and confidence of employee's (Giram, 2015).

According to table 4.6, Most of the respondent neutral that the bank fairly distributes its loan to attract deposit by the average mean of 3.17, the standard deviation value is slightly above 1 and it could be consider as there is a differed perception among each other. As indicate the table above, 5.6% of the respondents is strongly agreed, 37.1% agree, 31.5% neutral, 20.2% disagree and the rest 5.6% strongly disagree. This indicates that the bank fairly distributed loan to his customers but not sufficient. According to Lorenzo et al (2010), if lending channel plays a role, the deposit growth should lead to an increase in the supply of loans due to the additional source of financing for banks. As demand loan increasing because of the development work done by individual, businesses and government, bank should extend their deposit base.

As of the respondent from the table 4.6, the average mean of 3.44 agree that the branch manager gets the necessary support from the management. The variance in perception of deposit mobilization activities that participated in the study is exhibited by the average standard deviation value of 0.981 and taken as low. As of the total respondent, 9.7% of the respondents strongly agree, 46% agree, 26.6% neutral, 13.7% disagree, 4.0% strongly agree, which indicates that the highest respondent agree that the branch managers gets the necessary support from the managements.

Most of the respondent from the above table4.6, by the average mean of 3.65 agree that the relation managers visit the selected customers. The variance of standard deviation is 1.004 which is slightly above 1 and it could be considered as there is a different perception among each other. According to the data collected, 16.1% of the respondent strongly disagree, 51.6% agree, 17.7% neutral, 10.5% disagree, 4.0% strongly disagree, this indicate that most of the respondents agree that the relation mangers and branch managers visit the selected customers. Communicating individuals and companies helps the bank to know the need of the customers which increases the opportunity to the bank to satisfy its customers (Assefa, 2014).

The above table 4.6, described that majority the respondent believe that the account managers contact customers to reactive their inactive account by average mean values 3.35. The participated in the study is exhibited by the average standard deviation value of 1.211 has taken as high. Data collected from the respondent, 16.9% strongly agree, 39.5% agree, 12.1% neutral, 25.0% disagree and the rest of 6.5% strongly disagree. This indicates that 56.4% of the respondent thinks that account managers contact customers to reactive their inactive account. One method of increasing the account number of the bank is reactivating inactive account and returning the old customer (Genet, 2016).

According to table 4.6, Most of the respondents are neutral regarding the entire analysis of deposit mobilization activities performed by the bank by the average mean of 3.32. Which indicate that deposit mobilization activities performed by the bank is adequate but not sufficient so it needs to improve by giving prize to new and existing customers, by giving sufficient training to employees regarding deposit mobilization and fire distributing loan and advance among customers.

4.6.2. Deposit mobilization technique performed by the bank

The table below highlights the deposit mobilization techniques were analyzed in this section adequate regarding of marketing strategies, deposit mobilization practices, attracting new customers, motivation of staff on deposit mobilization and the use of technologies regarding deposit mobilization.

Table 4.7 techniques of deposit mobilization

S.N	Likert scale analysis	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. Deviation
2.1	Marketing strategy of the bank increase the depositor number and deposit amount	124	25.8	45.2	12.1	16.9		3.80	1.012
2.2	The current deposit mobilization practice of the bank is effective	124	26.6	37.9	14.5	20.2	.8	3.69	1.098
2.3	The branch manager and customer relation manager are attracting new depositors to the bank	124	19.4	56.5	13.7	8.9	1.6	3.83	.899
2.4	The bank staffs are eager to mobilize deposit	124	8.9	41.1	22.6	23.4	4.0	3.27	1.046
2.5	The bank uses technologies to mobilize deposit	124	5.6	20.2	21.8	44.4	8.1	2.71	1.057
	Valid N (listwise)	124							

Source: survey questionnaires 2021 (SPSS V20)

As indicated the above table 4.7, the respondent agree that marketing strategy of the bank .increase the depositor number and deposit amount by average mean 3.8. The variance of standard deviation is which is considered as there is a different perception among each other. According to the data collected, 25.8% of the respondent strongly agree, 45.2% agree, 12.1% neutral, 16.9% of the respondent disagree, these indicate that the highest respondent think that marketing strategy of the bank increase the depositor number and deposit amount.

The innovative marketing strategies currently used by commercial bank are the use of automated teller machine (ATM) to facilitate cash withdrawals, telephone banking, and networking of bank branch to speed up credit deliveries and computerization of the banks to encourage interbank transactions (Abera,2017).

The above table 4.7, described that majority the respondent believe that the current deposit mobilization practice of the bank is effective by the average mean of 3.69, which the variance

of standard deviation value is slightly above 1 and it could consider as there is a differed perception among each other. From the data collected from the respondent, 26.6% of the respondent strongly agree, 37.9% agree, 14.5% neutral, 20.2% disagree, 0.8% strongly disagree. This indicates that high percentage of the respondent think that the bank current deposit mobilization practices is effective. NIB have practicing deposit mobilization through promoting service excellence, formulating variables lineage with potential customers, strengthening deposit mobilization team at all level, persuading waking customers to open account, enhanced money tracking activities through coordinated efforts.

At 2020 the total deposit mobilization by the bank reached birr 33.7 billion which shows an absolute growth of birr 6 billion from 2019 (Annual Report, 2019/20).

According to 4.7, Most of the respondents agree that the branch manager and customer relation manger are attracting new deposit to the bank by the average mean of 3.83. The variance of average standard deviation value of 0.899 which takes as low. As of the respondent shown on the above table, 19.4% strongly agree, 56.5% agree, 13.7% neutral, 8.9% disagree and the rest 1.6% strongly agree. While from the respondents it indicates that the branch manager and customer relationship managers of the bank attracting customers deposit to the bank. In bank the number of new customer attraction and retention of existing customers directly related to volume of deposit mobilization which contributes for high volume of business transaction and achieve better performance (Fekadu, 2019).

According to table 4.7, Most of the respondents neutral that staff are eager to mobilize deposit by the mean of 3.21. The variance of standard deviation is 1.046 which is considered as there is different perception among each other. According to the data collected from the respondent, 8.9% strongly agree, 41.1% agree, 22.6% neutral, 23.4% disagree and 4.0% strongly agree, from the respondent it indicate that the bank staff are eager to mobilize deposit for the bank. Excellent service provided by employees can create a positive perception and ever lasting image in the eyes of banks employee plays a major role in achieving high level of satisfaction among its customers (Mohamedi, 2013).

From the above table 4.7, by the average mean of 2.71 most of the respondent neutral that the bank uses technologies to mobilize deposit with the variance standard deviation of 1.057 which indicate that there is different perception among the respondent. From the data collected, 5.6% of the respondent strongly agree, 20.2% agree, 21.8% neutral, 44.4% disagree, 8.1% strongly disagree. That indicate the bank uses poor technologies to mobilize deposit. Technology development had a strong influence on the structure and the activities of the banking sector. The technology deployed in banks affect its operational efficiency and determines its competitive position in the market (Brick Work Ratings, 2008).

From the total respondents of the above table 4.7, the deposit mobilization technique performed by the bank is effective by the average mean of 3.46, which means deposit mobilization technique performance by the bank is good, but steel NIB needs to promote new technologies to compete with other commercial banks and also to meet customer satisfaction.

4.6.3. Challenge of deposit mobilization

The table below represents the challenge of deposit mobilization conjunction with challenge from other commercial banks, the government law and regulation effect and the habits of society regarding deposit.

Table 4.8 challenges of deposit mobilization

S.N	Likert scale analysis	N	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. Deviation
3.1	The competition from other bank is the main challenge to mobilize deposit	124	37.9	45.2	8.1	8.9		4.12	.898
3.2	The government law and regulation is the challenge to mobilize deposit	124	22.6	46.0	12.1	17.7	1.6	3.70	1.059
3.3	The deposit habit of the society in private banks is the challenge to mobilize deposit	124	24.2	50.0	10.5	10.5	4.8	3.78	1.079
	Valid N (listwise)	124							

Source: survey questionnaires 2021 (SPSS V20)

As indicate on the above tables 4.8, most of the respondent are agree that the competition from other bank is the main challenge to mobilize deposit by the average mean of 4.12. Furthermore, the average standard deviation value of 0.898 reflects as a variation of perception is low. From

the respondent data collected, 37.9% strongly agree, 45.2% agree, 8.1% neutral, 8.9% disagree. This indicates that the bank is facing the main challenge from other banks. As the number of commercial bank increase, the competition to mobilize high deposit increase significantly because the market share previously owned by old banks rapidly reduce by new comers in the economy. In banking number of new customer's attraction and retention of existing customer directly related to the volume of deposit mobilization which contributes for high volume of transaction and active better business performance (Fekadu, 2019).

According to table 4.8, Most of the respondents agree that the government law and regulation is the challenge to mobilize deposit by the average mean of 3.70. The variance standard deviation value of 1.059 which is slightly above 1 could be indicated that there is different perception among the respondent. As shown in the above table, 22.6% of the respondents strongly agree, 46.0% agree, 12.1% neutral, 17.7% disagree and the rest 1.6% strongly disagree, 68.6% of the respondent are agree that government law and regulation are challenge to mobilize deposit. As of the government intervention among deposit mobilization, the regulatory organ derived from the GTP-2 the bank needs to growth 30% per annum that requires huge among of resource mobilization, which may affect their focus to deal in depth with other baking business.

The government law such as private bank doesn't have permission to process every export goods to China which leads the major depositor of the bank to transfer their account to public bank (Shemsu, 2015).

As indicate table 4.8, Majority of the respondent agree that the deposit habits of the society in private banks are the challenge to mobilize deposit by the average mean of 3.78. The variance of the standard deviation value of 1.079 could indicate that there is different perception among the respondents. From the data collected, 24.2% of the respondents strongly agree, 50% agree, 10.5% neutral, 10.5% disagree, 4.8% strongly disagree. This indicates that deposit habits of the society are not good. According to Wubitu (2012) deposit influenced by education level which in turn increase the awareness of the rural people about banking service. When considering about deposit mobilization customer awareness is a key element to absorb high amount of

deposit. Customer awareness about the service depended upon many factors such as return on investment, promptness, care, security, convenience, growth, flexibility (Tenaye, 2019)

According to table 4.8, challenge on deposit mobilization most of the respondents agree that the bank is facing some challenges on deposit mobilization performance by the average mean 3.87 which indicated that there are so money challenges in deposit mobilization regarding with high computation with other commercial banks, government law and regulations and deposit trades of the society.

4.6.4. Customer respondent about customer service of the bank

The table below discussed about customer service with related to product differentiation, customer service, branch location, expressing satisfaction and dissatisfaction about customer service, technology satisfaction, offers of loan and advance and advertisement technique of the bank.

Table 4.9 customer service of the bank

S.N	Likert scale analysis	N	Strongly Agree	Agree	Nutral	Disagree	Strongly Disagree	Mean	Std. Deviation
1	The bank offers different products which satisfy the customers.	122	36.1	51.6	.8	11.5		4.12	.905
2	The customer service of the bank is very good.	122	28.7	57.4	9.0	4.9		4.10	.754
3	The bank has many branches which are near to its customer.	122	28.7	55.7	5.7	9.0	.8	4.02	.886
4	I can easily express my satisfaction about the customer service of the bank.	122	26.2	32.8	13.1	20.5	7.4	3.50	1.281
5	I can easily express my dissatisfaction about the customer service of the bank.	122	10.7	20.5	15.6	34.4	18.9	2.70	1.285
6	The bank provides technologies that satisfy the expectation of its customer.	122	13.1	30.3	9.0	33.6	13.9	2.95	1.316
7	The bank offers loan and advance which satisfy the customer need.	122	19.7	28.7	17.2	23.0	11.5	3.22	1.314
8	The bank advertisement technique attracts customers.	122	30.3	36.9	16.4	11.5	4.9	3.76	1.150
	Valid N (listwise)	122							

Source: survey questionnaires 2021 (SPSS V20)

From the table 4.9, most of the respondents agree that the bank offers different products which satisfy the customer by the mean of 4.12. The variance average standard deviation value of 0.905 reflects as variation of perception is low. Furthermore from the respondent, 36.1%

strongly agree, 51.6% agree, 0.8% neutral, 11.5% disagree. This implies that the product variety of the bank satisfies the customers. Product differentiation is one of the deposit mobilization techniques to attracting new and retaining existing customer (Ariful, 2014).

As indicate on the above table 4.9, the respondents agree that the service of the bank is very good by the average mean of 4.10. Furthermore the variance standard deviation value of 0.754 reflects as a variation of perception is low. From the data collected, 28.7% of the respondents strongly agree, 57.4% agree, 9.0% neutral, 4.9% disagree. 86.1% of the respondent think that NIB customer service is very good and it increase the bank deposit. The bank deposit can be affected by the customer service of the bank. Deposit mobilization efforts of the bank were supported by the customer service of the bank (Assefa, 2014).

From the table 4.9, the respondents agree that the bank has many branches which are near to its customers, these indicate by the average of mean of 4.02. With the variance standard deviation of 0.886 which takes as low perception among the respondent. From the respondent data collection, 28.7% strongly agree, 55.7% agree, 5.7% neutral, 9.0% disagree, 0.8% strongly disagree. This implies that the majority of the respondent's think there are many branches which are near to its customers. To reduce time and money wastage customers always prefer their near bank branches to deposit their money (Wolday, 2012).

According to table 4.9, of respondents they can easily express their satisfaction about the customer service of the bank by the mean of 3.50, more over the variance in perception among the respondents considered as high and reflected by average standard deviation value 1.281. as of the data collected 26.2% strongly agree, 32.8% agree, 13.1% neutral, 20.5% disagree, 7.4% strongly disagree. This implies that 31.2% of the respondents feel that they can easily express their satisfaction about the customer service of the bank.

According to table 4.9, Respondents regarding expressing their dissatisfaction about the customer service of the product are neutral by the average mean of 2.70. The variance of perception considered as high and reflected by the average standard deviation value 1.285. And also from the data collection, 10.7% of the respondents strongly agree, 15.6% neutral, 34.4%

disagree, and the rest of 18.9% strongly disagree. This indicates that most of the respondents can't easily express their dissatisfaction about the customer service of the bank. Receiving feedback from the customers helps the bank to improve its service quality and the bank shows by making easy to customers to express their feeling (Assefa, 2014).

Table 4.9, indicated that Most of the respondents neutral that the bank provides technologies that satisfy the expectation of its customer by the average mean of 2.95 with the highest variance of perception by average standard deviation value of 1.316.as indicate on the above table, 13.1% of the respondent strongly agree, 30.3% agree, 9.0% neutral, 33.6% disagree, 13.9% strongly disagree. This implies that the bank doesn't provide technologies that satisfy the expectation of its customer. Technological capability that resulted from the application of information communication technology simplifies customer's service in the bank, like quick deposit, and other services. This attracts more customers not only to deposits but also new customers to join the bank due to quick service provided (Tagel, 2015).

According to table 4.9, Most of the respondents are neutral that the bank offers loan and advance which satisfy the customer need by average mean of 3.22 and also the variance of standard deviation is 11.314 which indicate high variance of perception among the respondents. As indicated from the above table, 19.7% strongly agree, 28.7% agree, 17.2% neutral, 23.0% disagree, and the rest of 11.5% strongly disagree. This implies that 48.4% believe that the bank offers loan and advance which satisfy the customer need. The commercial banks finance the industrial sector in number of way. They provide short term, medium term and long term loan to industry, also help in financing both internal and external trade. The bank provides loans to retailers and wholesalers to stock good in which they deal (Misker, Meseret&Hiwot, 2012).

As indicate on the above table 4.9, most of the respondents agree that the bank advertisement technique attracts customers by the average mean of 3.76. The variance of standard deviation value 1.150 indicate that the highest variance of perception. From the data collected, 30.3% strongly agree, 36.9% agree, 16.4% neutral, 11.5% disagree, 4.9% strongly disagree. This

implies that 67.2% of the respondent believe the advertisement technique of the bank attract customers.

From the customer, most of the respondents agree that the bank customer handling service is good by the average mean 3.55, but NIB need to take necessary measurement regarding as of creating a way of for customers to express their dissatisfaction and improving technologies to satisfy customer need.

4.7. NIB International bank deposit mobilization performance

All private banks including NIB mobilize their funds from share holders' contribution their operational profit and customers' deposit from these source, the largest proportion is deposit. Therefore, deposit mobilization is a major task for banks and is becoming a decisive factor for private bank in Ethiopia following the growing demand for loans of the expanding business activities of the country (Samuel, 2015).

NIB mobilize deposit mainly in three forms i.e. demand deposit, fixed time deposit and saving deposit. Saving deposit is an interest bearing. The minimum interest on saving deposit is fixed by the national bank of Ethiopia (NBE). Demand deposit is non-interest bearing deposit that the bank collects mainly from companies and businessmen with the deal that they can withdraw their money on demand. The last one, fixed deposit is the contract between the bank and its customers, which states about the date of the withdrawal and the special and negotiated interest the bank should give to the depositor commercial banks in the country, can give interest rate fixed by NBE as the means to attract customers and compete with each other. However, they cannot give interest less than the minimum interest rate fixed by NBE.

NBE during the fiscal year 2015/16 the total deposit stood at birr 12.4 billion, the number of account deposit account also reached 412,910 registering increment of 75,856 new account or 22.5% growth during the period, by fiscal year 2016/17 the total deposit mobilized by the bank reached birr 16.4 billion which shows an absolute growth of birr 3.99 billion or 32.1% from the balance of birr 12.4 billion registered in the fiscal year 2015/16, the number of deposit account reached 520,791 from the level of 412,910 account of June 30,2016 making an absolute increment of 107,881 accounts (26.1%), on 2017/18 the number of deposit account of the bank reached 679,178 from the level of 520,791 of 2016/17 making an absolute growth of 158,387

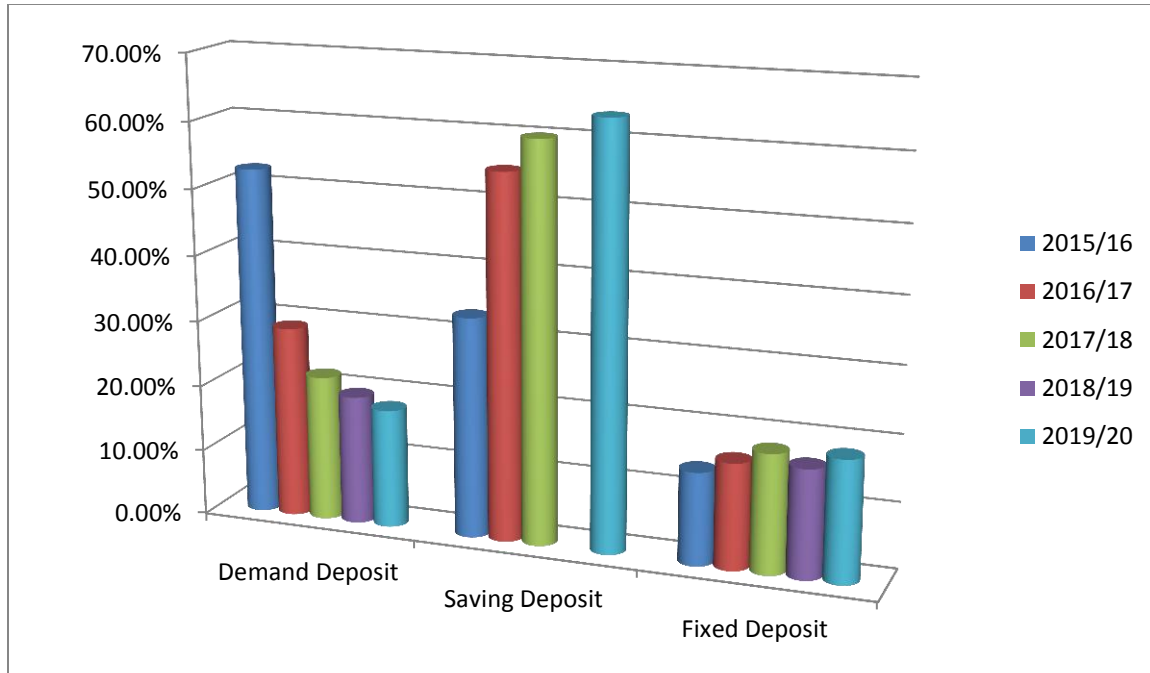
(30.4%), the total deposit mobilized by the bank reached birr 21.6 billion which shows an absolute growth of birr 5.1 billion (30.6%) from the balance of birr 16.5 billion of the previous year's 2016/17, on the fiscal years 2018/19 the total deposit mobilization by the bank reached birr 27.7 billion which shows an absolute growth of birr 6 billion or 28% from the balance of birr 21.6 billion registered in the previous year 2017/18, the number of deposit account of the bank reaches 875,417 from the level of 679,178 which was registered at Jun 2017/18 making an absolute growth of 196,239(28.9%), during the financial year 2019/20 the total deposit mobilized by the bank reached birr 33.7 billion which shows an absolute growth of birr 6.0 billion or 21.6% from the balance of birr 27.7 billion registered in the previous year 2018/19, the number of deposit account of the bank reached 1,207,995 from the level of 875,338 which was registered as at end of June 2019 making an absolute growth of 332,657 (38.0%). This indicates that NIB has put some effort on reaching the highest amount of deposit and number of account every year. The bank planes to achieve deposit mobilization strategy with customer base expansion to about 8 million, rising from the current existing account number of 3 million to 8 million by 2020/2021.

Table 4.10 comparison of deposit by type

In '000'										
Deposit type	2015/16		2016/17		2017/18		2018/19		2019/20	
	Amount	% share	Amount	%share	Amount	%share	Amount	%share	Amount	%share
Demand deposit	6,540,612	52.65%	4,795,051	29%	4,758,610	22%	5,387,166.80	19.50%	6,071,424.50	18%
Saving deposit	4,138,959	33.32%	9,155,070	55%	13,005,414	60%	17,745,283		21,387,627.10	63.60%
Fixed deposit	1,743,452	14.03%	2,607,832	16%	3,855,212	18%	4,531,259.90	16.40%	6,192,063.50	18.40%
Total	12,423,023	100%	16,416,436.90	100%	21,619,236	100%	27,663,709.80	100%	33,651,115.10	100%

Source: (NIB Annual Report 2015/16, 2016/17, 2017/18, 2018/19, 2019/20)

Figure2. Comparison of deposit by type



Source: (NIB Annual Report 2015/16, 2016/17, 2017/18, 2018/19, 2019/20)

4.8. Branch expansion for deposit mobilization

Based on the strategies adopted to increase the number and type of service outreaches throughout the country on 2015/2016, 26 new branches were opened in different parts of Addis Ababa and regional towns. Besides 49 own Automatic Teller Machines (ATM) are deployed and become operational in Addis Ababa and regional towns. Moreover 38 Point of Sales (POS) machines are also deployed at 26 Merchant locations and branches, on the fiscal year of 2016/17 50 new branches become operational in different part of Addis Ababa and regional towns. Accordingly the total number of branches reached 180 and 73 additional own ATM machines have been deployed, the bank has opened a total of 35 new branches during the financial year of 2017/18 which 20 branches were opened in Addis Ababa and the rest in outlying towns. in doing so the total number of NIB branches during 2017/18 is 215. The bank continued to expand its service outlets to increases its accessibility to the public and meet the various demands of its customers. In this effort the bank opened 46 new branches during

2018/19 that brought the total number of branches to 261 by 2018/19; during 2019/20 under review the bank expanded its branch network at various part of the country. Accordingly forty one (41) new branches were opened during the period out which, 21 branches were opened in different part of Addis Ababa and the remaining 20 branches were opened in the rural areas total number of branches to reach 302 as the close of 2019/20. (NIB Annual Report 2015/16, 2016/17, 2017/18, 2018/19, 2019/20)

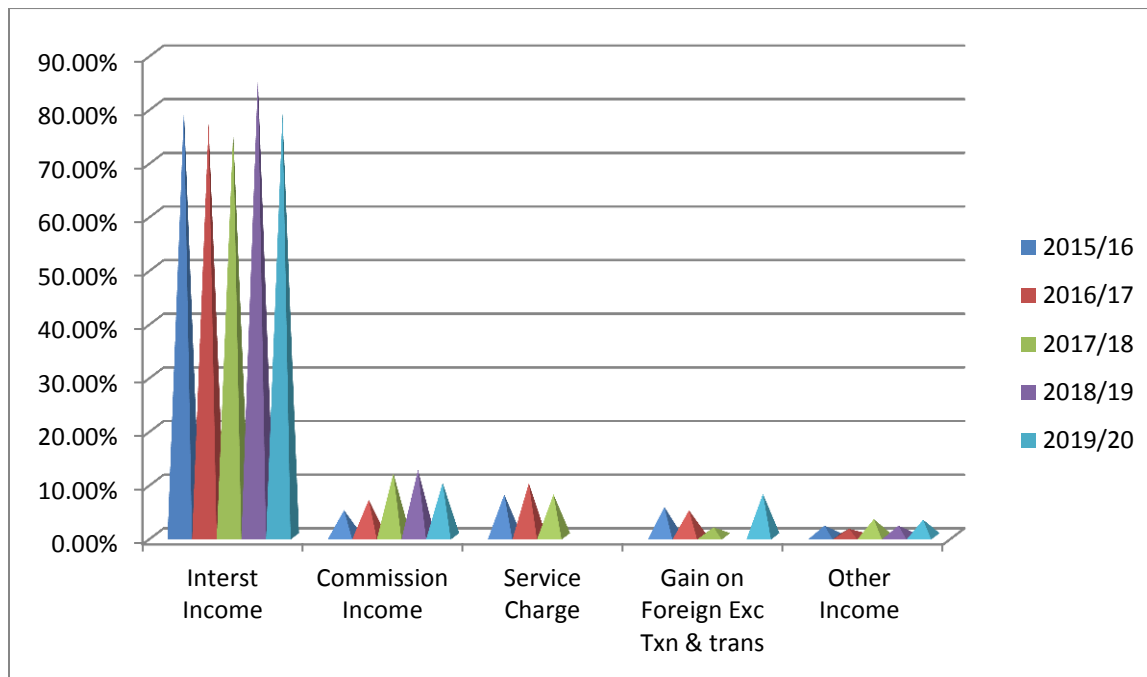
Concerning the composition of income, the bank earned a total income of birr 1.41 billion during the financial year 2015/16 showing an increase of birr 222.3 million (18.4%) compared to birr 1.21 billion registered in the preceding fiscal years, in 2016/17 the largest portion in generated from interest income which in birr 1.5 billion (77%) followed by service charge birr 193.1 million (9.9%), commission income birr 132.8 million (6.8%), gain on foreign exchange transaction and translation birr 94.8 million (4.9%) and other income (including dividend income) birr 27.4 million (1.4%), on the fiscal year 2017/18 the total income generated, income from international banking activities was birr 335.4 million which is 13.5%. this is lower by 14.7% of the preceding year 2016/17 balance (birr 384.6 million). Total income of birr 3.3 billion during the financial year 2018/19, a growth of birr 856.6 million (34.5%) when compared to the total income realized in 2017/18. This signifies that the bank's volume of income generation capacity is growing at a higher rate. On 2019/20 generate total income of birr 4.5 billion registering a growth of birr 1.2 billion (36.2%) when compared to the total income realized in the 2018/19. This signifies that the bank's volume and its income generation capacity are growing at a higher rate.

Table 4.11 composition of income

In '000'										
Types of income	2015/16		2016/17		2017/18		2018/19		2019/20	
	Amount	%share	Amount	%share	Amount	%share	Amount	%share	Amount	%share
Interest income	1,141,051.30	79.70%	1,500,417.60	77%	2,072,786	75.49%	2,858,493.30	85.60%	3,901,744.40	78.95%
Commission income	69,485.00	4.90%	132,856.20	6.82%	323,224.90	11.77%	415,243	12.40%	494,682.10	10.01%
Service charge	112,269	7.80%	193,104.70	9.91%	215,070	7.83%				
Gain on foreign exchange transaction and translation	79,297.60	5.50%	94,787.60	4.86%	46,418	1.69%			391,600	7.93%
Other income (including income)	28,926.30	2.00%	27,443.80	1.41%	88,291.90	3.22%	67,136.70	2%	153,862.10	3.11%
Total income	1,431,029.20	100%	1,948,610	100%	2,745,790.80	100%	3,340,873	100%	4,941,888.60	100%

Source: (NIB Annual Report 2015/16, 2016/17, 2017/18, 2018/19, 2019/20)

Figure 1: composition of income



Source: (NIB Annual Report 2015/16, 2016/17, 2017/18, 2018/19, 2019/20)

4.9. Strength and Weakness of Deposit Mobilization Strategies of NIB

According to the interview conducted NIB current deposit mobilization strategies have it is own strength and weakness.

Most of the Strengths of the deposit mobilization strategies are: Signs of change in employees' attitude, Branch network and enhance accessibility, Clear vision and corporate business strategy, Trainable staff, Improved service delivery, Branch growing practical experience in lobbying, cross selling and money tracking ETC, Stable growth of NIB accounts with small balance, Branch expansion as key driver of deposit mobilization, Growing support from center to branches, Regular follow up deposit mobilization performance , And also the Weaknesses of the deposit mobilization strategies are indicated as: General lack of marketing skills, Shortage of vehicles- van based banking service, Disparity among branches in deposit mobilization, Staff disengagement and its impact on productivity, Delay in supply of office equipment and furniture

Chapter five

Summary, conclusion and recommendation

This chapter is concerned with the highlights of the study finding and conclusions that are derived from the data analysis and discussions, recommendation are provide at the end based on the findings and conclusions drawn from the study.

5.1. Summary Of Finding

Deposit mobilization is critical issue for banks cognizant of this, in depth analysis is done based on secondary data and survey questionnaire. The research is intended to address the assessment of deposit mobilization practice the case of NIB. Based on the result of the analysis and interpretations, the following are the summary of the findings

The total deposit of the bank shows an absolute growth by 2019/20. The bank expand its branch network at various part of the country, 41 new branches were opened during the period of 2019/20. There are factors that affect the volume of deposit of the bank such as customer handling, aggressive branch expansion, product differentiation and loan and advance. The major depositor of the bank in terms of the size of deposits are business organization have huge transactions and large amount of deposit. Most of the respondents believe that NIB is aggressively expanding its branch. The majority of the respondent's think that NIB has provided different products that satisfy the new & existing customers. Most of the respondents don't believe that the bank offers gifts to the new customers. Majority of the respondent think that the bank doesn't give the necessary training for the staff about deposit mobilization. Majority of the respondents believes that the bank distribution method of loan is fair. Most of the respondents believe that the branch managers get the necessary support from the managements. Most of the respondents agree that the relation mangers and branch managers visit the selected customers of the bank. Average of respondents thinks that account managers contact customers to reactive inactive account.

The highest respondents believe that marketing strategy of the bank increase the deposit number and deposit amount. The highest percentage of the response is that current deposit mobilization practice of the bank is effective. Majority of the respondent believe branch

managers and customer relationship manager of the bank attracting new depositors to the bank. Most of the respondents think that NIB staffs are eager to mobilize deposit. Most of the respondents feel that the bank uses poor technologies.

The highest percentage of the respondents NIB is facing high computation from other banks. Majority of the respondents agree that government law and regulation are challenge to mobilize deposit. Most of the respondents think that a deposit habit of the society is poor.

Most of the respondent implies that they get variety of products from the bank that satisfies their need. Majority of the respondents think that NIB customer's service is very good and it increase the bank deposit. Majority of the respondent's think that NIB has many branches which are near to its customers. Most of the respondents fell that they can easily express their satisfactions about the customer service of the bank. Most of the respondents can't easily express their dissatisfaction about the customer service of the bank. Most of the respondents believe the advertisement technique of the bank attract customers.

5.2. Conclusions

Based on the above summary and finding, the study has finally forwarded the following conclusion. The primary objective of the study to assessment of deposit mobilization practice of NIB International bank S.C i.e. deposits mobilization strategies of the bank, technique performed by the bank, challenge of deposit mobilization.

The result of the study shows that NIB deposit mobilization strategies is success full and the bank mobilize it deposit indifferent strategies. Such as aggressive branch expansion, product differentiation, fairly distribution of loan to the customers, give support to branch managers, attracting depositors by visiting customers, contact customers to reactive their accounts, but NIB fall to train staff about deposit mobilization, offering gifts to the new depositors of the bank.

From the finding of the study, marketing strategies of the bank increase the depository number and deposit amount, the bank uses effective deposit mobilization practice such as, managers and CRM attracts a new customers, motivated staffs to mobilize deposit, offering different products to the customers, providing high service quality, opening branches near to the customers, using attractive advertisement technique, offering loan and advance to the customers, the bank has opening money branches, the customers are motivated to express their satisfaction about the service quality give, but faller to meat expressing their dissatisfaction about the service quality given and there are also some limitation which reduce deposit performance of NIB such as, using poor technology to mobilize deposit, lack of marketing skill among the employees, disparity among braches in deposit mobilization.

The main challenge of NIB is higher competition from other banks, the government law and regulation ties deposit performance of the bank, poor saving habit of the society.

5.3 Recommendations

Base on the finding and conclusion of the study the following recommendations are provide to address the gap identify by the study.

- Due to lack of offering prize award to the new customers. NIB should arrange and apply incentive program for new depositors by giving coupon prize or prize linkage account by setting fixed deposit amount and time, it has a significant positive influence on deposit mobilization. The implication is that the market in the industry should consider the use of prize awards transparency in their promotional endeavors so as to grab customer's attention.
- Lack of sufficient training to the employee's costs the bank to lose its significant customers which leads affect its competitiveness, performance and income. In order to this NIB should revise training curriculum, formulate effective training plan and strategy as well as providing required training tools to the employees to update their knowledge skills about deposit mobilization, more over those training program should be effective in making staffs competitive with other commercial banks.
- On used Technology, Banking today is passing through a technological revolution. High speed information processing are transforming the industry, stressing convenience and speed in handling routing transactions like making deposits and paying for purchases, transfers. New technologies have to be designed such a way that it reduce labor and paper costs that makes the work paperless. NIB need to be fast and efficient to track and monitor operational activity, and control fraud through new technological advancement. The computerization allows fast access to information on balances within each activity of the bank and also NIB needs to improve its technology by promoting new technologies such as mobile token (android ape) which is simple and easy to use also can be meet the objective of customer satisfaction, and need to aggressively expand the existing technologies of internet banking, mobile banking, ATM and POS machines in order to increase its customer base.
- NIB have the highest competition from other commercial bank so the bank needs to create well trained and qualified workforce, providing better quality of service, create a department that monitor deposit mobilization activates separately so there could be an effective and well organized marketing strategies.

- Regarding lack of deposit habits of the society, the bank should work to increase awareness about the advantages of savings and come up with product and service for the unbanked population. This could take the shape of low cost account, reduce bank charge and increase interest on deposit. NIB also can increase branch network by moving into the rural areas and other unbanked group of the economy, and also the bank should work to build trust among the communities that serve.
- As there is lack of a way expressing customer dissatisfaction, NIB should create techniques that the customer express their feelings by conducting survey and able to assess the customer feeling by conducting researches and creating comprehensive customer satisfaction measurement program which helps on improving customer satisfaction.

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Appendix I: Questionnaire

St. Mary's university school of graduate

Studies MBAAF program

Questionnaire to be filled by NIB employees

Dear, respondent the purpose of this questionnaire is to collect first-hand information for the study being conducted on the topic "Assessment of deposit mobilization practice the case of NIB international bank S.C" as a partial fulfillment of Master of Business Administration in Accounting and Finance program at St. Mary's university. To this end, I kindly request you to provide me genuine information, to the best of your knowledge so that the finding of the study would be legitimate. The study is purely academic research. Therefore, all your responses will be kept confidential. I would like to thank you for your willingness effort and sharing precious time to fill the questionnaire and returning it the earliest possible.

Instruction one: please use tick mark (v) or mark (x) in the boxes provide to choose from the options given and answer in writing where appropriate. You don't have to write your name.

1. Gender Male Female

2. Age 20-30 31-40
 -50Above 50

3. Academic qualification
Diploma Degree Master's and above

4. Position in the bank
 Director
 Department Manger
 Customer Relationship Manager
 Branch Manager
 Assistance Branch Manager
 Senior Officer

5. Work experience in the banking industry
 2-6 years 7-11 years 11 and above years

6. Which factor contributes more to increase the deposit amount of the bank?
- | | | | |
|--------------------------|------------------------------|--------------------------|-------------------------|
| <input type="checkbox"/> | Focused on customer handling | <input type="checkbox"/> | Loan and Advance |
| <input type="checkbox"/> | Aggressive branch expansion | <input type="checkbox"/> | Exchange Rate |
| <input type="checkbox"/> | Expanding E-banking channel | <input type="checkbox"/> | Product Differentiation |
| <input type="checkbox"/> | Aggressive advertisement | | |

7. Who do you think the major depositors of NIB?
- | | |
|--------------------------|------------------------|
| <input type="checkbox"/> | Individual customers |
| <input type="checkbox"/> | Business organizations |
| <input type="checkbox"/> | Government |
| <input type="checkbox"/> | NGO's |

Part two : Questions on deposit mobilization, please read each statement in this part carefully and show the extent of your agreement on the statement by putting “V” or “x” mark in box using the following rating scales (Likert scales): strongly agree (SA) , agree (A), neutral (N), Disagree (D) and strongly disagree (SD)

1. Questions related deposit mobilization activities performed by the bank.

S.No		SA	A	N	D	SD
1.1	The bank is aggressively expand its branch					
1.2	The bank offers different products to mobilize deposit					
1.3	The bank mostly offer gift for new depositor					
1.4	The bank trains its staff to mobilize deposit					
1.5	The bank fairly distribute its loan to attract deposit					
1.6	The branch manager gets the necessary support from the management					
1.7	Relation managers and branch managers visit the selected customers					
1.8	Account mangers contact customers to reactive their inactive account					

- Pleas indicate any additional suggestions that you think important with related to deposit mobilization activities needs performed by the bank.

2. Question related to evaluate the deposit mobilization techniques performed by the bank.

S.NO		SA	A	N	D	SD
2.1	Marketing strategy of the bank increase the depositor number and deposit amount					
2.2	The current deposit mobilization practice of the bank is effective					
2.3	The branch manager and customer relation manager are attracting new depositors to the bank					
2.4	The bank staffs are eager to mobilize deposit					
2.5	The bank uses technologies to mobilize deposit					

- Pleas indicate any additional suggestion that you think important with relate to deposit mobilization techniques performed by your bank.

3. Question related to the challenge of deposit mobilization.

S.NO		SA	A	N	D	SD
3.1	The competition from other bank is the main challenge to mobilize deposit					
3.2	The government law and regulation is the challenge to mobilize deposit					
3.3	The deposit habit of the society in private banks is the challenge to mobilize deposit					

- Pleas indicate any additional suggestion that you think important with relates to challenge of deposit mobilization.

Appendix I I: Questionnaire

St. Mary's university school of graduate Studies MBAAF program

Questionnaire to be filled by NIB customers

Dear, respondent the purpose of this questionnaire is to collect first-hand information for the study being conducted on the topic "Assessment of deposit mobilization practice the case of NIB International bank S.C" as a partial fulfillment of Master of Business Administration in Accounting and Finance program at St. Mary's university. To this end, I kindly request you to provide me genuine information, to the best of your knowledge so that the finding of the study would be legitimate. The study is purely academic research. Therefore, all your responses will be kept confidential

Instruction: Please use tick mark (v) or mark (X) in the boxes provided to choose from the options given and answer in writing where appropriate. You don't have to write your name.

Part I: Respondent's Profile

1. What service do you get in NIB International Bank S.C? (You can select more than one option)
 - saving_____
 - Money transfer_____
 - Import/ export_____
 - Credit service_____
 - Current account user _____
 - Other _____

Part II: please read each statement in this part carefully and show the extent of your agreement on the statement by putting “√” or “x” mark in box using the following rating scales): strongly agree (SA) , agree (A), neutral (N), Disagree (D) and strongly disagree (SD)

S.NO		SA	A	N	D	SD
1	The bank offers different products which satisfy the customers.					
2	The customer service of the bank is very good.					
3	The bank has many branches which are near to its customer.					
4	I can easily express my satisfaction about the customer service of the bank.					
5	I can easily express my dissatisfaction about the customer service of the bank.					
6	The bank provides technologies that satisfy the expectation of its customer.					
7	The bank offers loan and advance which satisfy the customer need.					
8	The bank advertisement technique attracts customers.					

- Pleas indicate any additional suggestion that you think important for satisfying customer need.

Appendix III: Interview

St. Mary's university school of graduate

Studies MBAAF program

Interview questions

1. Would you explain the practice of deposit mobilization of NIB in relation with other private and governmental banks, what techniques does the bank use, what is the difference from other banks?
2. Do you have deposit plan, if yes what are your strategies to achieve your deposit plan?
3. What are the strength and weakness of the current deposit mobilization strategies of the bank?
4. What special service does the bank provide for corporate depositors/customers?
5. How do you rate the government intervention to your deposit mobilization effort?
6. What tools or techniques do customers have to express their satisfaction/dissatisfaction?
7. In your bank, is any department which monitors the deposit mobilization process? If yes how and what this department work?